

# City of Detroit


## CITY COUNCIL

IRVIN CORLEY, JR.  
DIRECTOR  
(313) 224-1076

FISCAL ANALYSIS DIVISION  
Coleman A. Young Municipal Center  
2 Woodward Avenue, Suite 218  
Detroit, Michigan 48226  
FAX: (313) 224-2783  
E-Mail: [irvin@cncl.ci.detroit.mi.us](mailto:irvin@cncl.ci.detroit.mi.us)

ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: May 9, 2008

RE: Master Lease between City and Minority Alliance Capital, LLC to Install Purchase Oracle Treasury/Cash Management Module  
**(Recommend Approval, with Waiver of Reconsideration, with one condition) *Line Item 15 on today's Budget, Finance and Audit Standing Committee Calendar***

I have received satisfactory responses to my questions on the above referenced master lease for the purchase of an Oracle Treasury/Cash Management Module that should significantly improve treasury, cash and investment operations of the City. Responses to my questions are attached.

More specifically, implementation of the Treasury/Cash Management Module should help Finance

- Better manage cash flows;
- Better manage investments, including investment swaps;
- Better manage bank accounts and perform bank reconciliations;
- Increase accuracy and timely reporting of cash transactions on the General Ledger of DRMS;
- Post revenue streams automatically to the General Ledger;
- Improve cash handling controls, processes and reporting, with real time information on the City's cash position and needs and collection from the City's lock-boxes provided; and
- Improve information recording and reporting for compliance and audit purposes.

The Oracle Treasury/Cash Management Module is used by other governmental entities such as the Chicago Transit Authority, Chicago Public Schools and the City of Oakland, California. So, the City of Detroit would not be a Beta site for this module.

The City would lease purchase the module through a master lease with Minority Alliance Capital, LLC, which appears to be a reputable firm (information on the

firm is attached). Minority Alliance Capital has orchestrated leasing deals with major national companies, such as the International Paper Company. Minority Capital, LLC offered the lowest interest rate amongst two other leasing firms, which is 3.93%. This rate is codified on page 14 of the master lease agreement, which is entitled "Payment Schedule".

Council should note that if the cost of this module was fully budgeted for in the current year's budget, the City could have saved almost \$500,000 in interest cost that would be incurred through this leasing mechanism. Fiscal before has brought up the issue of planning for significant acquisitions, and I am disappointed that leasing versus purchasing outright is before your Honorable Body once again basically "at the last minute". However, the borrowing is rather cheap, and the need for this module is real. It is my hope the City will save in extra audit costs, as the implementation of this module should help to eliminate audit findings.

Training and desk manual support would be provided in-house. The City would use contractors Pierce Monroe and MKS to assist in the implementation of the Treasury/Cash Management Module.

However, one condition needs to be met, and that is City Council receiving sign off from the Law Department on the propriety of the master lease agreement. Once the sign off is received, I would recommend approval of the master lease agreement to purchase this important module to improve the City's cash management operations, with waiver of reconsideration. The resolution authorizing the master lease is attached.

#### Attachments

cc: Council Divisions  
Auditor General's Office  
Norman White, Chief Financial Officer  
Jeffrey Beasley, City Treasurer  
Pamela Scales, Budget Director  
Kerwin Wimberly, Mayor's Office

TO: Irvin Corley, Jr., Director

FROM: Norman White, Chief Financial Officer *NW*

DATE: May 7, 2008

RE: Additional Questions on the Master Lease between City and  
Minority Alliance Capital, LLC to Install Purchase Oracle  
Treasury/Cash Management Module

Below are the responses to your additional questions on the Master Lease with Minority Alliance Capital and the TCM Project.

1. Please describe the "MKS" that is a contractor on this project to help implement the treasury/cash management project. Does MKS already have a contract with Finance? Who are the principals of this firm?

*(first attachment)*  
**Please see the attached documents! Briefly, MKS has a contract with ITS. The major principal of the firm is Creflo R. Mims.**

2. Please provide the modules' product specs and capabilities.

**That information was E-mailed to you.** *(second attachment)*

3. On my cost/benefit question number 16, the City would pay a total of \$5,033,912 by the end of 5 years, according to payment schedule of the master lease agreement.
  - a. Why is it cheaper to go with Minority Alliance Capital rather than GE Capital the City has so often used in the past?
  - b. The City would have saved \$483,912 (\$5,033,912 minus \$4,550,000) if this module were purchased outright. However, it would be good to factor in the opportunity cost of interest earnings earned on the \$4,550,000 in the meantime. But at 5% interest rate, the City still loses on this lease versus purchase. But I understand the cash flow issue the City currently has.

**The Finance Department selected Minority Alliance Capital after we compared interest rates to be charged to the City. Alliance Capital quoted the City the lowest interest rate. Please see response to question #4.**

**Given the fact that we are using this option, the City does not have sufficient revenues to purchase the module.**

4. What the amount of the bids from the 3 firms (TIP Capital, GE Capital and Minority Alliance Capital) that responded to the RFP? What other factors lead to the decision of choosing Minority Alliance Capital?

**TIP Capital - 4.95%**

**GE Capital – 4.64%**

**Minority Alliance Capital – 3.93%**

The only relevant factor was the cost of borrowing, namely the interest rate. As noted in question #3, Alliance Capital had the lowest interest rate, resulting in the lowest monthly/quarterly payment, period.

5. Please provide training matrix for the implementation of this project. Councilwoman Cockrel asked for this.

**Training and Desk Manual Support**

**The training and desk manual team will conduct training and publish desktop job procedural manuals with assistance from a member of the business process re-design team and the SMEs(subject matter experts). This team will:**

- **Identify training needs due to re-designed processes.**
- **Develop training materials for re-designed training.**
- **Provide re-designed process training to fiscal personnel**
- **Provide desktop job procedural aids and manuals for fiscal personnel**
- **Provide post implementation support for the re-designed processes (Duration 90 days)**
- **This group will have a team lead that creates the detailed work plan for the team, oversees day-to-day activities, arrange team meetings, represent the group at other meetings, and create project status reports, reports on issues and risks, and project changes.**

**The work plan is attached as a separate file. (third attachment)**

6. Ms. Cockrel also wanted to know why does the Mayor sign off on the Minority Alliance Capital master lease agreement when normally the Finance Director signs off?

**For lease purchase agreements, both the Mayor and Finance Director are required to sign closing documents. GE Capital, with whom the City has had previous leases, also had this requirement. The Finance Director can sign only after the Council approves the agreement.**

7. The last page of the treasury/cash management module overview indicates an outstanding issue has to be resolved. Do this module and the HRMS

module tie in with Production DRMS environment to enable both modules to go live when their implementation is complete?

**We are or we will shortly be performing the necessary tests to insure that when we bring the TCM module into the production environment both modules will operate as planned.**

First Attachment

CITY OF DETROIT  
INFORMATION TECHNOLOGY SERVICES

DETROIT, MICHIGAN 48226  
PHONE 313•224•2900  
FAX 313•224•2021  
WWW.CI.DETROIT.MI.US

July 5, 2006

Creflo R. Mims  
MKS, Inc.  
4829 Woodward Avenue, Suite #200  
Detroit, Michigan 48201

Dear: Mr. Mims

Enclosed is your new contract for the period of July 1, 2006 through June 30, 2008 with the City of Detroit/Information Technology Services Department. Please note that the bill rate structure is an exact replication of your submitted and awarded quote. The necessary personal, property and human rights clearances have been requested and we are awaiting their approval.

Please review this package, sign the below listed pages and return all four (4) completed original contracts. Also, please do not substitute or reproduce any of the pages within your contract:

- 3 Company Contact Information, pg. 20 ✓
- 3 Signature pages (two witnesses are required), pg. 24
- 3 Living Wages Ordinance Certificates, pg. 30
- 3 Slavery Era Records and Insurance Disclosure Affidavit, pg. 36
- 3 Corporation Acknowledgments, pg. 37, 39-40 \*
- 3 Resolutions Corporate Authority, pg. 41-44 \*
- Updated insurance certificate (per the specifications outlined on page 12-14) listing the City of Detroit as additionally insured. \*\*

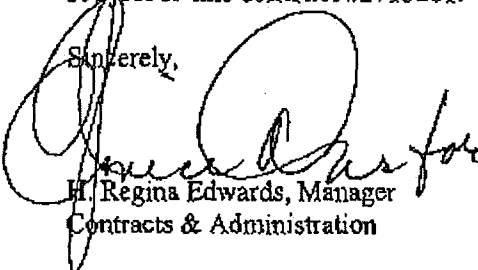
Please feel free to contact me on 224-9203 if there are any questions.

\* Complete only the form that apply to your organization

\*\* If your organization does not own and/or release company vehicles to your employees please submit the following statement on company letterhead signed by an officer of your organization:

MKS, Inc. certifies that we do not own any vehicles and will not be releasing any vehicles subject to this contract #2713281.

Sincerely,



H. Regina Edwards, Manager  
Contracts & Administration

Attachments

Cc: Janice A. Evans, ITS

## CORPORATE ACKNOWLEDGMENT

STATE OF MICHIGAN)  
 )SS.

COUNTY OF WAYNE )

The foregoing contract was acknowledged before me the 11<sup>th</sup> day of July, 2006,

by CARLO R. MIMS Carlo R. Mims  
(name of person who signed the contract)

the PRESIDENT/CEO  
(title of person who signed the contract as it appears on the contract)

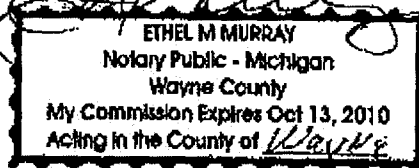
of MKS, INC  
(complete name of the corporation)

on behalf of the Corporation.

Notary Public, *Wase* County,

State of Michigan

My commission expires: October 13, 2010



PLEASE NOTE THAT THE PERSON WHO SIGNS THE CONTRACT ON BEHALF OF YOUR ENTITY MUST BE ONE OF THE INDIVIDUALS LISTED BELOW AS A PERSON AUTHORIZED TO EXECUTE CONTRACTS IN THE NAME OF AND ON BEHALF OF THE ENTITY.

RESOLUTION OF CORPORATE AUTHORITY

I, Joseph F. Page, Corporate Secretary of  
(name of corporate secretary)

MKS, INC., a MICHIGAN  
(complete name of corporation) (State of Incorporation)

corporation (the "Company"), DO HEREBY CERTIFY that the (non-profit or for profit) following is a true and correct excerpt from the minutes of the meeting of the Board of Directors duly called and held on July 7, 2006, and that the same is now in full force and effect:  
(date of meeting)

"RESOLVED, that the Chairman, the President, each Vice President, the Treasurer, and the Secretary and each of them, is authorized to execute and deliver, in the name of and on behalf of the Company and under its corporate seal or otherwise, any agreement or other instrument or document ("Contract") in connection with any matter or transaction that shall have been duly approved; and the execution and delivery of any Contract by any of the aforementioned officers shall be conclusive evidence of such approval."

FURTHER, I CERTIFY that

<u>CREFLO R. MIMS</u>	is Chairman,
<u>Creflo R. Mims</u>	is President,
<u>Joseph F. Page</u>	is (are) Vice President(s),
	is Treasurer,
	is Secretary,
	is Executive Director, and
	is

FURTHER, I CERTIFY that any of the aforementioned officers or employees of the Company are authorized to execute and commit the Company to the conditions, obligations, stipulations and undertakings contained in the contract (number 2713281) between the City and the above-referenced corporation and that all necessary corporate approvals have been obtained in relationship thereto.

IN WITNESS THEREOF, I have set my hand this 11<sup>th</sup> day of July, 2006.

CORPORATE SEAL  
(if any)

Joseph F. Page  
Corporate Secretary



# **Medical Knowledge Systems, Inc. (MKS, INC.)**

## **COMPANY PROFILE**

<b>Size of Business:</b>	Small Business-Under 50 Employees
<b>Type of Business:</b>	Computer IT and Consulting
<b>Certifications:</b>	Minority Business Enterprise (MBE) Detroit Small Business Enterprise (DSB) Detroit Headquartered Small Business (DHSB) Detroit Based Business (DBB) MMBDC Certified
<b>FDA Registration:</b>	1833781
<b>Merchant Account Number:</b>	460581869995
<b>Services/ Products Offered:</b>	<u><b>Services:</b></u> Programming System Integration Web Development Contract Staffing Help Desk Support Network Support Document Management  <u><b>Software Products:</b></u> Radiotherapy Management Systems (RAMS) <ul style="list-style-type: none"><li>▪ Patient Greeter</li><li>▪ Queue Monitor Systems</li></ul>
<b>Tax ID:</b>	38-265-0938
<b>DUNS No.</b>	144239597
<b>Main NAICS:</b>	541511
<b>Personal Property Number:</b>	02991497.00
<b>Shipping Charges:</b>	Please refer to Offer/Quotation

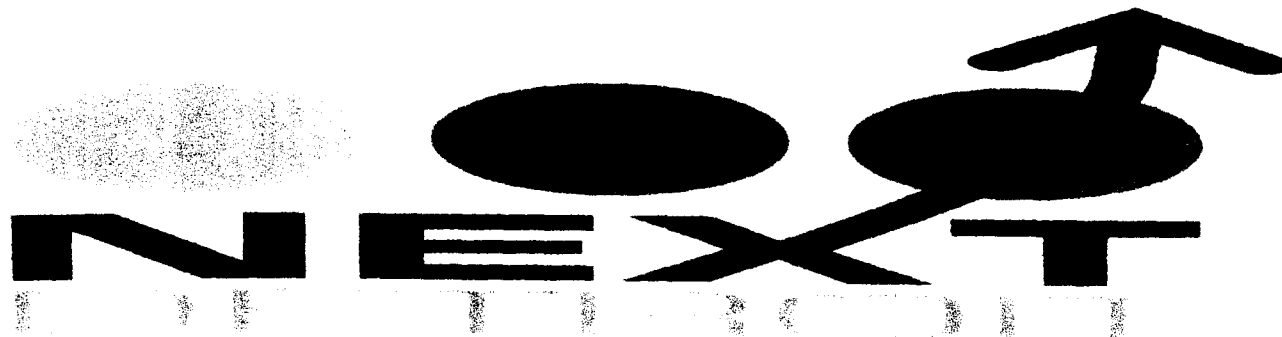
**Ordering Address:** MKS, Inc.  
4829 Woodward Ave., Ste. 105  
Detroit, MI 48201

**Remittance Address:** MKS, Inc.  
4829 Woodward Ave., Ste. 105  
Detroit, MI 48201

**Payment Terms:** Net 30

**Stockholder information:**

Creflo R. Mims, as Trustee of the Creflo Mims Trust 60%



***DETROIT BUSINESS CERTIFICATION PROGRAM***

**MEDICAL KNOWLEDGE SYSTEM., INC. dba MKS, INC.**

is certified as a *Minority-Owned Business Enterprise (MBE)* with the City of Detroit. Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit Contracts as specified in Executive Order Number 2003-4.

**This Certification will expire on: 07/13/08**

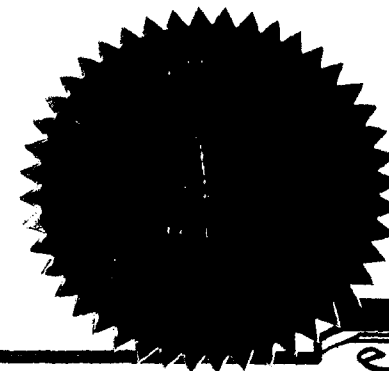
**Identification Number 032-06**

A handwritten signature in cursive script, reading "Gerard Grant Phillips".

Gerard Grant Phillips, Director



**Kwame M. Kilpatrick, Mayor**



# CITY OF DETROIT



## MEDICAL KNOWLEDGE SYSTEM., INC. dba MKS, INC.

is certified as a *Detroit Small Business (DSB)* with the City of Detroit. Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit Contracts as specified in Executive Order Number 2003-4.

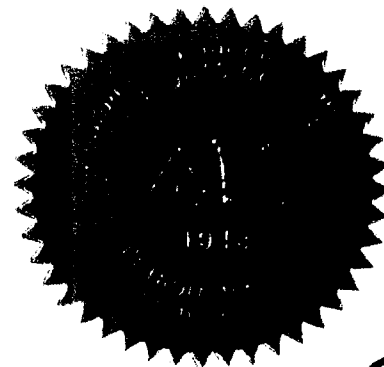
This Certification will expire on: 07/13/08

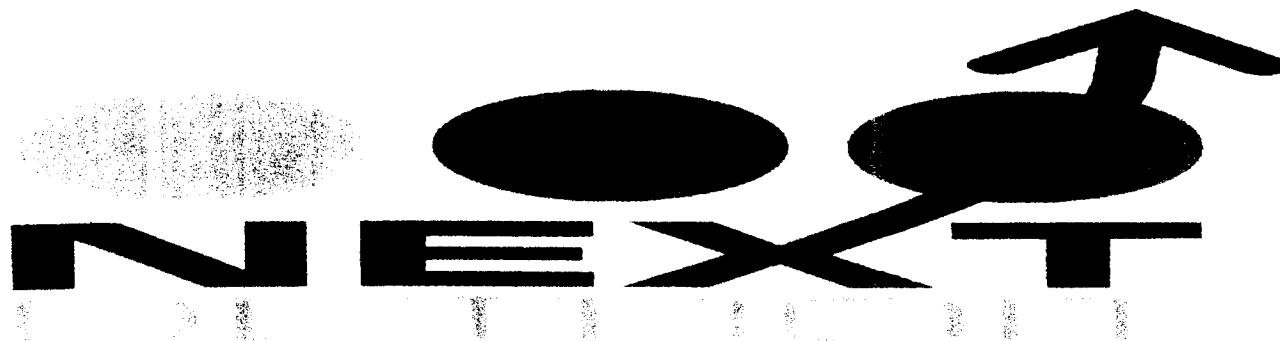
Identification Number 032-06

Gerard Grant Phillips, Director



Kwame M. Kilpatrick, Mayor





***DETROIT BUSINESS CERTIFICATION PROGRAM***

**MEDICAL KNOWLEDGE SYSTEM., INC. dba MKS, INC.**

is certified as a *Detroit Headquartered Small Business (DHSB)* with the City of Detroit. Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit Contracts as specified in Executive Order Number 2003-4.

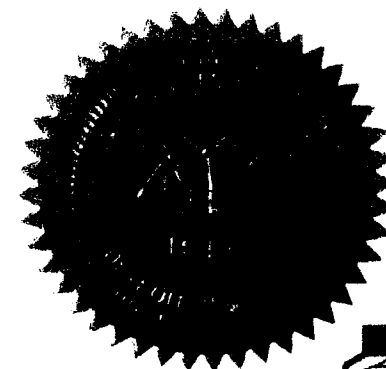
**This Certification will expire on: 07/13/08**

**Identification Number 032-06**

Gerard Grant Phillips, Director



Kwame M. Kilpatrick, Mayor



# CITY OF DETROIT



## MEDICAL KNOWLEDGE SYSTEM., INC. dba MKS, INC.

is certified as a *Detroit Based Business (DBB)* with the City of Detroit. Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit Contracts as specified in Executive Order Number 2003-4.

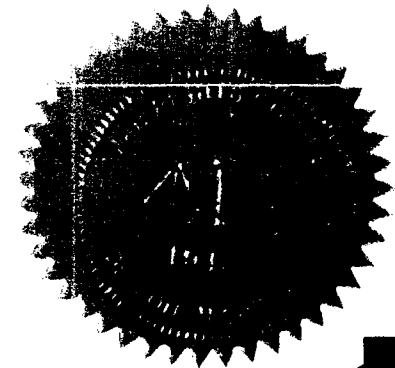
This Certification will expire on: 07/13/08

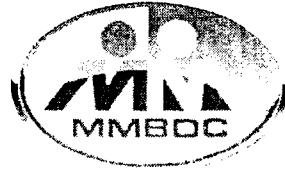
Identification Number 032-06

Gerard Grant Phillips, Director



Kwame M. Kilpatrick, Mayor





# Michigan Minority Business Development Council 2008

## Certified Minority Business Enterprise Certificate

This certificate acknowledges that

**MKS, INC.**

**Db. MEDICAL KNOWLEDGE SYSTEMS, INC. & Stability Staffing**

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Has met the requirements for the Michigan Minority Business Development Council by qualifying as a minority owned and controlled company as defined by the National Minority Supplier Development Council and the Michigan Minority Business Development Council Board of Directors

Certification #: 02072-1999-SM

NAICS Code(s): 532420, 541511, 541512

Product(s)/Service(s) COMPUTER CONSULTING SALES, LEASE, EMPLOYEE STAFFING

Expiration Date 12/31/2008

Michigan Minority Business Development Council  
Louis Green President/CEO



Member of National Minority Supplier Development Council

# data sheet

## ORACLE TREASURY 11i

*Oracle® Treasury is a comprehensive solution for managing global treasury operations with improved efficiency, profitability, and control. Oracle Treasury is part of the Oracle E-Business Suite, an integrated set of applications that are engineered to work together. All Oracle E-Business Suite applications access a single unified database so not only will you spend less, but you will get better information.*

### Manage Global Exposures

The global economy creates complex financial exposures for all companies. With Oracle Treasury, you can use your corporate intranet to proactively monitor and adjust liquidity, currency, and interest rate positions across your enterprise while complying with your exposure policies.

Oracle Treasury gives you a comprehensive view by combining treasury cash flows, operational cash flows, and available funds. Oracle Treasury seamlessly integrates with both Oracle E-Business Suite and external systems. Using Oracle Treasury, you can project cash flows from Oracle Payables, Oracle Receivables, Oracle Purchasing, Oracle Order Management, and Oracle Payroll.

View Cashflow Summary

Company **VISION** **VISION CORP** Cash Flow Until **31-MAR-2002**

Order By ☒ Sequence Opening Account Balances ☒ Actual

☐ Currency ☐ Projected

☐ Include Intercompany Accounts ☐ Include Indicative Exposures

	AUD	CAD	GBP	JPY	NZD	SAR
Num of Trans	0	1	2	0	0	2
Closing Balance	-8	5,376	-5	-2,000,000	572	15,790
Base Curr Amt	-5	3,423	-8	-18,200	239	4,211

	USD	ZAR	EUR			
Num of Trans	5	2	2			
Closing Balance	-5,343	979	9,946			
Base Curr Amt	-5,343	86	8,956			

Summaries Details More Currencies Start Process

View projected cash flows by currency.



Oracle Treasury helps you quickly identify any cash flow mismatches, so that you can eliminate undesirable positions. You can monitor your cash position by currency or bank account. You can also analyze your projected cash flows by currency over any date range. Oracle Treasury can summarize your cash position on a daily, weekly, or monthly basis. You can drill down to the deals that make up any position.

Oracle Treasury gives you the tools to make informed treasury decisions on a timely basis, achieving greater profitability by minimizing funding costs and maximizing investment return. In addition, Oracle Risk Management complements the portfolio reporting capabilities of Oracle Treasury. Oracle Risk Management is tightly integrated with Oracle Treasury deal data and market rate information. Oracle Risk Management provides sophisticated analyses including mark to market fair values, sensitivities, and other financial measures in order to help you reduce your earnings volatility and monitor your overall market risk. Oracle Risk Management calculators also provide pre-dealing analysis for common financial instruments, further enhancing your ability to make informed decisions.

### **Streamline Deal Capture**

Oracle Treasury offers fast and accurate deal capture. Screens tailored to each financial instrument enable you to quickly enter all relevant details, plus supporting documents. Oracle Treasury supports all common interest bases, provides useful defaults, and performs extensive validations such as date and rate verifications. When you complete a deal, Oracle Treasury immediately updates your forecasted positions and limits.

You can record a broad range of financial instruments including debt, investment, foreign exchange, and derivative transactions. Foreign exchange instruments include spots, forwards, swaps, and options. Physical money market instruments include funding and investment on a short term basis such as money market and overnight cash, short-term negotiable instruments such as bills and commercial papers, funding and investment with multiple pre-determined interest periods or principal flows such as term loans, retail term transactions such as staff loans and mortgages, long-term negotiable instruments such as bonds, and investments in equity or stock. Derivative money market instruments include forward rate agreements, interest rate swaps, interest rate options, bond options, and interest rate swaptions.

You can define as many portfolios and product types as you need to categorize deals for reporting and accounting purposes. For example, you can define a hedging portfolio and a trading portfolio, and you can define bank bill and commercial paper as product types.

Discounted Securities			
Deal Number	253	Deal Status	CURRENT
Dealer	OPERATIONS	Deal Date	12-FEB-2002
Company	VISION	VISION CORP	
Counterparty	CIBC	CANADIAN IMPERIAL	
Client			
Portfolio	TRADE	<input type="checkbox"/> Trade Bill	Profit/Loss

Main Details		Financial Details		Discounting	
Deal Subtype	BUY	Product Type	COMM		
Currency	GBP	Day Count Basis	30 / 360		
Start Date	12-FEB-2002	Maturity Date	30-APR-2002		
Days	78	Discount/Yield Basis	Discount		
Trans Rate	5.750000				
Face Value	10,000,000.00	Face Value Balance	10,000,000.00		
Consideration	9,875,416.66	Interest Amount	124,583.34		

Short Sales	Bill Issues	Parcel Details
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Record discounted security deals.

### Reduce Costs and Risk with In-house Banking

Participating in today's dynamic financial markets requires extensive expertise and entails significant risk. By centralizing treasury talent and consolidating enterprise-wide cash and foreign exchange requirements, you can reduce costs and total market risk.

Oracle Treasury's in-house banking features enable the treasury department to act as a bank to subsidiaries. You can collaborate with subsidiaries regionally or worldwide to fulfill their cash requirements. Your subsidiaries can borrow or invest money with the in-house bank, with interest rates that reflect the fair cost of funding. Oracle Treasury maintains a running balance for each subsidiary and currency, calculates interest on balances, and allows interest settlement at any time.

You can manage bank account balances on behalf of subsidiaries. Oracle Treasury also supports grouping of bank accounts for cash pooling, so that interest is calculated on the net balance of accounts.

Transaction Details				
Transfer Date	11-FEB-2002		Deal Num	24
Company	VISION	VISION CORP	Trans Num	5
Intercompany Party	SUB1-V	SUB 1 VISION		
Currency	USD	United States Dollar	Day Count Basis	Actual / Actual
Party Account	65SUB1-V-USD01			
Company Account	123VUSD002			
Action	REC	Principal Adjust	1,250,000.00	
Balance	<1,100,000.00>	Interest Rate	5.250000	
Product Type	GEN	Portfolio	MAIN	
Limit	UNFUND	Comments		
Accrued Interest	<5,600.00>	<input type="checkbox"/> Settle Interest		
Interest Settlement Date		Interest Settled		
Global Interest		Specific Interest		Balance Summary
				Transaction Summary

Record and manage intercompany deals.

### Control and Secure Treasury Operations

Oracle Treasury provides powerful limit controls, policies, and security. You can monitor contract exposures by company, counterparty, counterparty group, daily settlement, country, currency, and dealer. Oracle Treasury monitors your limits in real-time and alerts you to any exceptions. You can specify the percentage of a deal's face value that is considered at risk based on deal subtype and remaining term. You can also control the maximum term of deals by deal type, subtype, product type, and counterparty.

You can define interest rate and currency policies to control your risks to adverse market movements. For interest rates, you can define the desired maturity profile of your total investment or debt by currency, as well as the minimum and maximum percentage to be fixed interests rate. For currencies, you can specify the net exposure limit as well as the minimum and maximum cover percentage for each period by currency. You can also authorize the relevant currencies and currency combinations for each company.

Oracle Treasury secures your treasury operations and allows separation of duties. In addition to the extensive security features in Oracle E-Business Suite, you can control input authority by companies, deal types, subtypes, and product types. Your treasury personnel can operate on behalf of multiple companies in regional or worldwide shared service centers. Oracle Treasury also supports auditing a wide selection of business events.

Limits

Utilized Amount **293,628.27**

Available **9,706,371.73** Excess Amount **0.00**

Deal Limits Brokerage Limits Currency Limits **Party Limits** Group Limits Settlement Limits Dealer Limits

Company	Cparty	Limit Code	Limit Type	Expiration Date	Authorized	Limit Amount
VISION	CIBC	FX	FX		<input checked="" type="checkbox"/>	10,000,000.00 ▲
VISION	CIBC	INVEST	IN		<input checked="" type="checkbox"/>	30,000,000.00
VISION	CITI	FX	FX		<input checked="" type="checkbox"/>	10,000,000.00
VISION	CITI	INVEST	IN		<input checked="" type="checkbox"/>	50,000,000.00
VISION	CITICAD	INVEST	IN		<input checked="" type="checkbox"/>	30,000,000.00
VISION	GOLD	INVEST	IN		<input checked="" type="checkbox"/>	40,000,000.00
VISION	WELLS	CFUND	UC		<input checked="" type="checkbox"/>	15,000,000.00
VISION	WELLS	UNFUND	F		<input checked="" type="checkbox"/>	20,000,000.00
					<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	

Update Weightings Time Weightings Limit Types

Setup and monitor deal limits.

### Automate Deal Administration, Settlement, and Accounting

Oracle Treasury automates day-to-day operations. You can optionally authorize deals prior to confirmation and settlement. Oracle Treasury generates confirmations for specific deal events or counterparties, based on layouts you define. Oracle Treasury calculates brokerage fees as well as transaction and withholding taxes associated with your particular deals. Oracle Treasury also automatically generates payment instructions for settlement. When you authorize settlements, you can split, sum, or net payments and receipts to a counterparty. Oracle Treasury supports automatic and manual reconciliation of bank activities against treasury transactions.

Oracle Treasury generates accounting entries for treasury transactions, and transfers them to Oracle General Ledger. You can define templates for each deal type, subtype, product type, and portfolio to suit your accounting requirements. Oracle Treasury also supports straight line and effective interest accrual for money market instruments, premium amortization for options, and mark to market revaluation.

Oracle Treasury automates and integrates all aspects of treasury operations, allowing you to capitalize on global e-business opportunities.

**Settlements**

Company **VISION** Due/Settle Date **27-SEP-2002** ☐ Unauthorized Before Settlement Date

Transaction ☒ Validated ☐ Unvalidated ☐ Both

Settlement ☐ Authorized ☐ Unauthorized ☒ Both

**Settlement Summary** **Next 14 Days** **Nothing**

☐ Payments Only ☐ Receipts Only ☒ All Transactions

**Authorized**

	Deal Type	Subtype	Cparty	Product Type	Currency	Amount
<input type="checkbox"/>	NI	BUY	GOLD	COMM	USD	<990,437.50
<input checked="" type="checkbox"/>	FX	SPOT	CIBC	STD	USD	<2,038,043.48
<input checked="" type="checkbox"/>	FX	SPOT	CIBC	STD	CAD	3,000,000.00
<input checked="" type="checkbox"/>	IG	INVEST	PJ	GEN	USD	<10,000.00
<input checked="" type="checkbox"/>	TMM	FUND	SERVICE	BALLOON	USD	2,500,000.00

Comments

**Validate** **Generate Report/Script** **Maintain Settlements**

**Manage the settlement process.**

### **Oracle E-Business Suite—The Complete Solution**

Oracle E-Business Suite enables companies to efficiently manage customer processes, manufacture products, ship orders, collect payments, and more—all from applications that are built on a unified information architecture. This information architecture provides a single definition of your customers, suppliers, employees, products—all aspects of your business. Whether you implement one module or the entire Suite, Oracle E-Business Suite enables you to share unified information across the enterprise so you can make smarter decisions with better information.

## KEY FEATURES

### Position Management

- Record daily bank account balances
- Project cash flows from Oracle E-Business Suite
- Project cash flows from external systems on local and remote databases
- Identify interest rate exposures and compare against policy
- Identify currency exposures and compare against policy
- Identify available liquidity
- Analyze projected cash flows
- Drill down to deals
- Monitor cash position
- Record fund transfers between bank accounts

### Deal Capture

- Define custom product types
- Define multiple portfolios
- Record financial transactions
  - Short term money*
  - Discounted security (bill)*
  - Wholesale term money*
  - Retail term money (mortgage)*
  - Fixed income (bond)*
  - Equity investments (stock)*
  - Forward rate agreement*
  - Interest rate swap*
  - Interest rate option*
  - Bond option*
  - Swaption*
  - Foreign exchange spot, forward, and swap*
  - Foreign exchange option*
- Import deal details for straight through processing

### In-house Banking

- Manage subsidiaries' cash requirements
- Set interest rate on intercompany balances
- Manage subsidiaries' bank account balances
- Group bank accounts for cash pooling/interest compensation
- Consolidate cash and foreign exchange requirements

### Policies and Controls

- Define limit controls
  - Company*
  - Counterparty*
  - Counterparty group*
  - Daily settlement*
  - Country*
  - Currency*
  - Dealer*
- Apply limit weightings
- Control maximum term of deals
- Define interest rate policies
  - Maturity profile*
  - Percentage of fixed versus floating interest rate*
- Define currency policies
  - Net exposure limit*
  - Minimum and maximum cover*
  - Authorized currencies and currency combinations*
- Control access
- Audit business events

### Deal Administration

- Record multiple settlement bank accounts for companies and counterparties
- Validate deal input
- Define deal confirmation layouts
- Generate deal confirmations
- Record and manage brokerage fees and deal related taxes
- Split, Net, and/or Authorize settlements
- Generate payment instructions
- Reconcile bank transactions automatically or manually with flexible automatic matching criteria
- Define journal entry templates
- Account for treasury transactions with built in integration with Oracle General Ledger
- Calculate straight line and effective interest accruals and amortize premium on options
- Import market rates/prices
- Calculate mark to market revaluation

### Related Data Sheets

- Oracle Risk Management

Oracle Corporation  
World Headquarters  
500 Oracle Parkway  
Redwood Shores, CA 94065  
USA

Worldwide Inquiries:

650.506.7000

Fax: 650.506.7200

<http://www.oracle.com>

Oracle Corporation (Nasdaq: ORCL) is the world's leading supplier of software for information management, and the world's second largest independent software company. With annual revenues of more than \$10.1 billion, the company offers its database, tools and application products, along with related consulting, education, and support services, in more than 145 countries around the world.

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**ORACLE**

# Third Attachment

ID	Task Name
314	<b>Training and Desk Manual Support</b>
315	<b>Use Listing of In-Scope Business Processes to track percentage of completion</b>
316	<b>Create Training Needs Analysis</b>
317	BPR training needs analysis
318	Oracle training needs analysis
319	<b>Create Desktop Procedural Manual with BPR consultant input</b>
320	<b>Create Training Courseware with business consultant</b>
321	Courseware for Managers and Supervisors
322	Couseware for End Users
323	Conduct Mock Classes
324	<b>Create Computer Based Training Materials</b>
325	<b>Create Training Handouts</b>
326	<b>Conduct Training Classes</b>
327	Classes for Managers and Supervisors
328	Classes for End Users
329	<b>Provide Post Implementation Support</b>



<b>Duration</b>	<b>Start</b>	<b>Fisnish</b>	<b>Predecessors</b>
206 days	12/5/2007	9/18/2008	
193.55 days	12/5/2007	9/1/2008	
45 days	7/1/2008	9/1/2008	
45 days	7/1/2008	9/1/2008	183
45 days	7/1/2008	9/1/2008	183
45 days	12/5/2007	2/6/2008	130
75 days	2/6/2008	5/21/2008	
45 days	2/6/2008	4/9/2008	319
45 days	2/6/2008	4/9/2008	321SS
30 days	4/9/2008	5/21/2008	322
45 days	5/21/2008	7/23/2008	320
30 days	4/9/2008	5/21/2008	322
23 days	5/21/2008	6/23/2008	
23 days	5/21/2008	6/23/2008	325
23 days	5/21/2008	6/23/2008	325
63 days	6/23/2008	9/18/2008	328

## **Resource**

Training Lead, Chandrika Karur, Yogesh Gusani  
Training Lead, Lowell Oswald, Ram Subramanian  
Chandrika Karur, Training Lead, Training Consultant

Chandrika Karur, Training Lead  
Chandrika Karur, Training Consultant  
Chandrika Karur, Training Consultant, Richard Barton, Olga Johnson  
Training Consultant  
Training Consultant

Olga Johnson, Richard Barton  
Olga Johnson, Richard Barton  
Training Lead, Olga Johnson, Richard Barton

TO: Irvin Corley, Jr., Director

FROM: Norman White, Chief Financial Officer

DATE: April 23, 2008

RE: Responses to questions on request to adopt the Resolution authorizing an Installment Purchase Master Lease Agreement between the City of Detroit and Minority Alliance Capital, LLC

Irvin below are responses to the lease financing to raise \$4.5 million for the Oracle Treasury/Cash Management Module to interface with the City's General Ledger.

1. Did the City purchase the Treasury/Cash Management Module when Oracle/DRMS was first implemented?

**Oracle at that time did not have a very functional Cash Management System and they had not developed the Treasury module.**

2. Oracle/DRMS has been in operation for almost ten years. Why is the Administration requesting to purchase the Treasury/Cash Management Module now?

**See response to Question #1. In addition the Finance Department had been involved in several other projects that were considered more critical than the TCM project.**

3. What benefits would the treasury/cash management module bring to the City? In particular, how would this module improve the operations in treasury, debt management, and in general accounting of the Finance Department?

**The primary benefits of the Treasury, Cash Management project are:**

- Improved cash handling controls, processes and reporting
- Increased accuracy and timely recording of cash transactions on the General Ledger
- Improved cash position and forecasting capability
- Improved recording and reporting on City investments and debt
- Improved information recording and reporting for compliance and audit purposes
- Substantial reduction in the time and effort required for bank reconciliation

4. To improve the accounting for collections in Treasury would the treasury/cash management module interface with other software packages such as BARS (property taxes, special assessments, solid waste fees, etc.) in Treasury, TAS in Income Tax, and Tidemark in Buildings and Safety Engineering? Could the module replace or significantly supplant BARS in Treasury?

**Receivables are established in BARS, TAS and Tidemark when bills are created. When payments are received, the receivable is offset in each respective system. The cash receipting process in the cash module will streamline the accounting for these revenue streams by automatically posting the revenue to the General Ledger.**

**The Treasury Cash Management module does not supplant or replace BARS functionality. The BARS module in Treasury maintains real and personal property tax balances for parcels with delinquencies from tax years 2001 and prior. BARS has the ability to generate bills, post payments and generate reports on these receivables.**

5. Would the module improve operations in General Accounting in Finance?

**Yes, it would provide real-time information on the City's cash availability and commitments. Also, it will provide the ability to reconcile bank transactions daily which would significantly reduce the work effort for the monthly reconciliation.**

6. Could Treasury provide Fiscal Analysis a demonstration?

**Yes, a demonstration can be scheduled for Fiscal Analysis.**

7. Has the treasury/cash management module been utilized in other major cities? If so, which ones? If not, the City would be the beta site for this module. If this is the case, what are the product deliverables and plan of work associated with the implementation of this module? If fact, it would be good to get this even though the City is not the beta site.

**The City is not a Beta site as other governments have adopted Oracle's TCM. The following governments/not-for-profits:**

- **Chicago Transit Authority**
- **Chicago Public Schools**
- **The City of Oakland California**

8. Would the City use an outside company to assist in the implementation of this module? If so, who and under what professional services contract?

**Yes the City is using the following contractors to assist the City in implementing the TCM project:**

- **Pierce Monroe**
- **MKS**

9. How would the treasury/cash management system help in expediting posting of collections from any suspense accounts to the General Ledger?

**As part of the implementation the City has documented and reviewed its current manual/electronic systems. One of the significant recommendations is to mandate the use of "coded" deposit tickets. This will eliminate a great deal of the manual journal entries currently being done by the City. In addition the City is consolidating banking functions to streamline the collection and posting process.**

10. Would the treasury/cash management module help the City receive more real-time information from the financial institutions the City does business with? How would this system improve lock-box arrangements with the banks we do business with?

**The project would provide more real-time information on the City's cash position and needs including collection and the recording of cash from the City's lock-boxes.**

11. Please provide the modules product specs and capabilities. Would the version of this software be compatible with the current version of other Oracle software packages we use for DRMS?

**We will provide the modules' product spec and capabilities. Yes, the version of this software will be compatible with current version of the other modules.**

12. Is licensing and maintenance cost built in the purchase price of \$4.55 million? If not, why not and would be the cost? Could not current licensing and maintenance cost under Oracle be used for this module?

**The projected TCM cost includes the cost of purchasing the licenses. There is an additional annual maintenance cost of \$40,000 for the Treasury, Cash Management module.**

13. How would the treasury/cash management module help in producing a cash flow statement for Finance?

**Yes, the real-time cash information provided by the TCM project will help Finance generate more accurate and timely cash flow projections**

14. How would the treasury/cash management module help the bank and imprest cash reconciliation processes?

**Yes, see response to question #5. Imprest cash reconciliation process is not part of this project.**

15. What internal control weaknesses cited by KPMG in the 2006 CAFR internal control report would the implementation of the treasury/cash management module help to address?

**The treasury/cash management module would help to address the three following control weaknesses city by KPMG in the 2006 CAFR internal control report:**

- **Item 2006-10 - Cash and Investment Reconciliations**
- **Item 2006-11 - Cash and Investment Accounts**
- **Item 2006-13 - Investment Valuation**

16. Why are we leasing the Oracle module rather than buying it outright? Please provide the cost/benefit analysis supporting your conclusion to lease versus buy. I notice that the lease is a five-year lease.

**The lease provides some budgetary relief in the short term by not committing appropriations upfront.**

17. Would the City own the Oracle treasury/cash management module upfront or own it at the end of the lease? Or would the City have the option to buy it at the end of the lease?

**Yes, the City would still own the system at the end of the lease. There is no residual payment required at that time.**

18. How was Minority Alliance Capital, LLC selected? Was an RFP issued? If so, please provide a copy as well a copy of the scoring system that supports the selection of this company.

**An RFP was issued, 6 leasing firms were solicited, 3 companies responded: TIP Capital, GE Capital, and Minority Alliance Capital. Minority Alliance Capital submitted the lowest bid.**

19. What other clients has this company done leasing for?

**International Paper Company – a \$22 billion company and the global leader in paper and packaging products. Minority Alliance Capital manages a \$35+million annual lease program of IP's material handling fleet.**

**OhioHealth Corporation –a \$3 billion regional healthcare provider in south central Ohio. Minority Alliance Capital has provided nearly \$20 million in equipment lease financing for both office and medical to OhioHealth's group of hospitals.**

**Capgemini Energy – provides consulting and Information Technology to 70% of the top 30 private and global utilities and all 5 of the publicly held oil and gas "super majors". Minority Alliance Capital has provided millions in lease financing for predominately IT assets to Capgemini.**

20. It appears that Don Davis is an officer, equity partner or owner of Minority Alliance Capital. Does this pose a conflict of interest since the City does business with First National Bank of which he is its chairman?

**There is no conflict of interest in this business relationship.**

**Minority Alliance Capital was formed in 1999 at the urging of Ford Motor Company to deliver diversity content to equipment leasing and financing. Serving primarily the Fortune 1000, services are provided for a broad range of equipment including IT and office-related products; utility vehicles; energy related products; mining equipment; material handling etc.**

**Three certified MBE banks own minority Alliance Capital:**

**City National Bank of New Jersey  
First Independence Bank of Detroit  
Liberty Bank of New Orleans**

21. How much has been spent on the Oracle module thus far that would be repaid from the proceeds of this lease financing?

***To be addressed later***

22. Why is the escrow agent "Suntrust Bank", a Georgia banking corporation, being used in this transaction?

**Minority Alliance Capital indicates that of their many global partners, the relationship with SunTrust Bank has proven to be cost-effective. For this type of leasing transaction, the fee is ~ \$250/annually and ends upon the depletion of monies in the escrow.**

ICJ:\ICORLEY\Questions on Oracle Cash Mgmt Lease Apr 2008.doc



**From:** Roger Short  
**To:** Irvin Corley  
**Date:** 4/23/08 5:01PM  
**Subject:** Re: TCM Leasing question number twenty-three

Irv, here is the response to #21

21.How much has been spent on the Oracle module thus far that would be repaid from the proceeds of this lease financing?

Finance estimates that the reimbursement will be in the range of \$1-1.5 million.

**CC:** Audrey Jackson; Eric Crutchfield; Mike Bridges

FILE  
CITY OF DETROIT  
FINANCE DEPARTMENT

Budget, Finance and Audit  
Standing Committee  
Referred to Committee: 4-9-08  
LINE ITEM# \_\_\_\_\_ Date: \_\_\_\_\_  
Disposition \_\_\_\_\_

Budget, Finance & Audit  
Standing Committee  
Date: 4-25-08  
UNFINISHED BUSINESS #19  
Disposition Bring Back

March 27, 2008

Budget, Finance & Audit  
Standing Committee  
Date: 5-2-08  
UNFINISHED BUSINESS #17  
Disposition \_\_\_\_\_

HONORABLE CITY COUNCIL:

**RE: Request to adopt the Resolution authorizing an Installment Purchase Master Lease Agreement between the City of Detroit and Minority Alliance Capital, LLC.**

This financing will allow the City to raise approximately \$4.5 million for costs related to the acquisition and installation of the Oracle-based Treasury/Cash Management Module to interface with the City's General Ledger. While various financing alternatives were considered (including the issuance of bonds), we have determined that the most cost effective option for financing the equipment is through Minority Alliance Capital, LLC.

The attached Resolution will authorize the City to execute Equipment Schedule No. 01 under a Master Lease Agreement between the City and Minority Alliance Capital, LLC.

Adoption is respectfully requested with WAIVER OF RECONSIDERATION at your next scheduled formal session.

Respectfully submitted,

*Norman L. White*  
Norman L. White

Cc: Kerwin Wimberley  
David Whitaker  
Irvin Corley

DETROIT  
CITY CLERK  
2008 APR -3 A 10:09

RESOLUTION AUTHORIZING AN INSTALLMENT PURCHASE MASTER  
LEASE AGREEMENT, EQUIPMENT SCHEDULE NO. 01, AN ESCROW  
AGREEMENT AND RELATED INSTRUMENTS.

WHEREAS, the City of Detroit (the "City") has entered into agreements with Compuware Corporation, DGC, Pierce Monroe and MRS (the "Agreement"), providing for the acquisition and installation of computer software and hardware to be located at various locations throughout the city (the "Property"); and

WHEREAS, it is anticipated that the City will advance a portion of the costs of the Treasury/Cash Management projects prior to the issuance of an installment purchase contract, such advances to be repaid from the proceeds of upon the issuance thereof; and

WHEREAS, Section 1.150-2 of the Treasury Regulations on Income Tax (the "Reimbursement Regulations") specifies conditions under which a reimbursement allocation may be treated as an expenditure of the proceeds of tax-exempt obligations, and the City intends by this resolution to qualify amounts advanced by the City to the Treasury/Cash Management component for reimbursement from proceeds of the Obligation in accordance with the requirements of the Reimbursement Regulations;

WHEREAS, it is determined to be necessary and desirable and in the best interest of the City that the acquisition and installation of the Property be financed by an installment contract authorized under the provisions of Act No. 99, Public Acts of Michigan, 1933 as amended, and more specifically by the acquisition and installation of the Property pursuant to an installment contract identified as a Master Lease Agreement (the "Lease"), between the City and Minority Alliance Capital, LLC. (the "Lessor"), and Equipment Schedule No. 01 to be attached thereto relating to the Property, in the aggregate principal

amount not to exceed \$4,600,000 (the "Schedule" and together with the Lease, collectively the "Contract"); and

WHEREAS, the Equipment is essential for the Lessee to perform its governmental functions; and

WHEREAS, the funds made available under the Lease will be deposited with Suntrust Bank (the "Escrow Agent") pursuant to an Escrow Agreement between Lessee and the Escrow Agent (the "Escrow Agreement") and will be applied to the acquisition of the Equipment in accordance with said Escrow Agreement: and

WHEREAS, the Lessee proposes to enter into the Lease with Minority Alliance Capital, LLC and the Escrow Agreement with the Escrow Agent substantially in the forms presented.

WHEREAS, the aggregate outstanding balance, exclusive of interest, of all purchases made by the City pursuant to Act 99, including the Lease, does not exceed 1-1/4% of the taxable value of the real and personal property of the City.

NOW, THEREFORE, BE IT RESOLVED that:

1. It is hereby found to be necessary and desirable for the City to finance the cost of the acquisition and installation of the Property in the aggregate principal amount not to exceed \$4,600,000 pursuant to the terms and conditions of the Lease.
2. (a) The Lease is hereby ratified and confirmed. The Schedule shall be dated the date of delivery thereof. The interest rate on the interest portion of the rental payments to be made by the City under the Lease shall not exceed 5.5% per annum as shall be

determined by the Finance Director at the time of the execution and delivery thereof. The Lease shall be payable in rental payments, consisting of both a principal portion and an interest portion, on such dates and in such years and amounts as shall be determined by the Finance Director and set forth in the Schedule at the time of the execution and delivery thereof; shall be in the aggregate principal amount not to exceed \$4,600,000 as shall be determined by the Finance Director and set forth in the Schedule at the time of the execution and delivery thereof; and may be prepaid on such dates and in such years and upon the payment of a prepayment fee, if any, as shall be determined by the Finance Director and set forth in the Schedule at the time of the execution and delivery thereof. Notice of any such prepayment shall be given as provided in the Contract.

(b) In making the determinations set forth in (a) above, the Finance Director shall be limited as follows:

(1) The first rental payment under the Schedule that contains a principal portion shall be due not later than July 1, 2008, and the final rental payment under the Schedule shall be due not later than May 1, 2013.

(2) The amount of the principal portion of the rental payments due under the Schedule in any one-year shall not exceed \$1,000,000.

2. The Mayor and the Finance Director are hereby authorized to enter into the Schedule in substantially the form presented to the City Council (upon which form the City Clerk shall indicate the date of adoption of this resolution), with such changes thereto as are approved by the Finance Director, consistent with the terms of this resolution and not materially adverse to the City. The Schedule shall be executed with the facsimile signature of the Mayor and the manual signature of the Finance Director

and shall have the seal of the City impressed or imprinted thereon. The approval of such changes by the Finance Director shall be conclusively evidenced by his signature on the Schedule. The Schedule may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

3. Except as provided in Section 4.3 of the Lease, the obligation of the City to make rental payments to the Lessor as provided in the Contract shall be absolute and unconditional in all events; provided, however, nothing contained herein or in the Contract shall limit the rights or remedies of the City under the Agreement.

4. The City covenants to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), necessary to maintain the exclusion of the interest portion of the rental payments due on the Contract from gross income for federal income tax purpose.

5. The Mayor, the City Clerk, the Finance Director and other officers of the City as may be necessary are each hereby authorized to execute and deliver such documents, instruments and certificates as are necessary or desirable to consummate the described transaction and to maintain the exclusion of the interest portion of the rental payments due on the Contract from gross income for federal income tax purposes.

6. The useful life of the property is determined to be five (5) years and upwards.

7. All resolutions and parts of resolution insofar as they conflict with the provisions of this resolution are rescinded.

**GREYHOUND****Clearwater, Florida****Address**

CLEARWATER GREYHOUND STA  
2811 GULF TO BAY BLVD  
Clearwater, FL 33759

**Telephone Numbers**

Main: 727-796-7315  
Baggage: 727-797-2528  
Greyhound Package Express: 727-797-2528  
Greyhound Charter: 800-454-2487

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Hours of operation subject to change. Please call to verify hours before making travel arrangements.

<b>Station</b>	Monday-Saturday: 6:00 am-10:00 am, 3:30 pm-7:00 pm Sunday: Closed Holiday: 6:00 am-10:00 am, 3:30 pm-7:00 pm
<b>Greyhound Package Express</b>	Monday-Saturday: 6:00 am-10:00 am, 3:30 pm-7:00 pm Sunday: Closed Holiday: 6:00 am-10:00 am, 3:30 pm-7:00 pm
<b>Ticketing</b>	Monday-Saturday: 6:00 am-10:00 am, 3:30 pm-7:00 pm Sunday: Closed Holiday: 6:00 am-10:00 am, 3:30 pm-7:00 pm

MINORITY ALLIANCE CAPITAL, LLC

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MASTER LEASE AGREEMENT

LEASE NUMBER 06533

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This **MASTER LEASE AGREEMENT** (the "Agreement"), dated as of March 25, 2008 is made and entered into by and between **MINORITY ALLIANCE CAPITAL, LLC**, a limited liability company organized under the laws of Michigan, as lessor (the "Lessor"), and **CITY OF DETROIT**, a political subdivision of the State of Michigan, as lessee ("Lessee").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

**ARTICLE I. DEFINITIONS AND EXHIBITS**

**Section 1.1. Definitions.** The following terms have the meanings specified below.

"Acceptance Certificate" means each Acceptance Certificate delivered by Lessee as part of an Equipment Schedule certifying as to the delivery, installation and acceptance of Equipment.

"Agreement" means this Master Lease Agreement and all Equipment Schedules hereto.

"Agreement Date" means the date first written above.

"Code" means the Internal Revenue Code of 1986, as amended, together with Treasury Regulations promulgated from time to time thereunder.

"Equipment" means all items of property described in Equipment Schedules and subject to this Agreement.

"Equipment Group" means each group of Equipment listed in a single Equipment Schedule.

"Equipment Schedule" means each sequentially numbered schedule executed by Lessor and Lessee with respect to an Equipment Group.

"Escrow Account" means the equipment acquisition account established by Lessor and Lessee with the Escrow Agent pursuant to the Escrow Agreement.

"Escrow Agent" means **SUNTRUST BANK**, a Georgia banking corporation, and any successor escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, substantially in the form of Exhibit F hereto, to be executed by Lessor, Lessee and the Escrow Agent upon the first funding of an Equipment Schedule using the procedure described in Section 2.4.

"Events of Default" means those events described in Section 12.1.

"Fiscal Year" means each 12-month fiscal period of Lessee.

"Funding Date" means, with respect to each Lease, the date Lessor makes payment to the Vendor(s) named in the related Equipment Schedule or reimburses Lessee for the purchase price of the related Equipment Group or, if the procedure described in Section 2.4 is utilized, the date Lessor deposits funds equal to such purchase price into the Escrow Account.

"Interest" means the portion of a Rental Payment designated as and comprising interest as provided in a Payment Schedule.

"Lease" means, with respect to each Equipment Group, this Agreement and the Equipment Schedule relating thereto, which together shall constitute a separate contract between Lessor and Lessee relating to such Equipment Group.

"Lease Date" means, with respect to each Lease, the date so designated in the related Equipment Schedule.

"Lease Term" means, with respect to each Equipment Group, the period during which the related Lease is in effect as specified in Section 3.1.



"Net Proceeds" means any insurance proceeds or condemnation awards paid with respect to any Equipment remaining after payment therefrom of all expenses incurred in the collection thereof.

"Non-Appropriation" means the failure of Lessee, Lessee's governing body, or, if applicable, the governmental entity from which Lessee obtains its operating and/or capital funds to appropriate money for any Fiscal Year sufficient for the continued performance by Lessee of all of Lessee's obligations under this Agreement, as evidenced by the passage of an ordinance or resolution specifically prohibiting Lessee from performing its obligations under this Agreement with respect to any Equipment, and from using any moneys to pay any Rental Payments due under this Agreement for a designated Fiscal Year and all subsequent Fiscal Years.

"Payment Date" means each date upon which a Rental Payment is due and payable as provided in a Payment Schedule.

"Payment Schedule" means the schedule of Rental Payments attached to an Equipment Schedule.

"Principal" means the portion of any Rental Payment designated as and comprising principal as provided in a Payment Schedule.

"Prepayment Price" means the amount so designated and set forth opposite a Payment Date in a Payment Schedule indicating the amount for which Lessee may purchase the related Equipment Group as of such Payment Date after making the Rental Payment due on such Payment Date.

"Rental Payment" means each payment due from Lessee to Lessor on a Payment Date.

"Specifications" means the bid specifications and/or purchase order pursuant to which Lessee has ordered any Equipment from a Vendor.

"State" means the state or commonwealth in which Lessee is situated.

"Vendor" means each of the manufacturers or vendors from which Lessee has ordered or with which Lessee has contracted for the manufacture, delivery and/or installation of the Equipment.

#### **Section 1.2. Exhibits.**

**Exhibit A:** Equipment Schedule including form of Acceptance Certificate and form of Payment Schedule.

**Exhibit B-1:** Form of Tax Agreement and Arbitrage Certificate (Escrow).

**Exhibit C-1:** Form of Resolution of the Governing Body of Lessee relating to each Lease (Escrow).

**Exhibit D:** Form of Incumbency Certificate as to each officer or representative of Lessee executing this Agreement or any Lease.

**Exhibit E:** Form of Opinion of Independent Counsel to Lessee.

**Exhibit F:** Form of Escrow Agreement.

**Exhibit G-1:** Form of Confirmation of Outside Insurance.

**Exhibit G-2:** Form of Questionnaire for Self-Insurance and Addendum to Equipment Schedule Relating to Self-Insurance.

## **ARTICLE II. LEASE OF EQUIPMENT**

**Section 2.1. Acquisition of Equipment.** Prior to the addition of any Equipment Group, Lessee shall provide Lessor with a description of the equipment proposed to be subject to a Lease hereunder, including the cost and vendor of such equipment, the expected delivery date and the desired lease terms for such equipment, and such other information as the Lessor may require. If Lessor, in its sole discretion, determines the proposed equipment may be subject to a Lease hereunder, Lessor shall furnish to Lessee a proposed Equipment Schedule relating to the Equipment Group for execution by Lessee and then Lessor. By execution hereof, Lessor has made no commitment to lease any equipment to Lessee.

**Section 2.2. Disbursement.** Lessor shall have no obligation to make any disbursement to a Vendor or reimburse Lessee for any payment made to a Vendor for an Equipment Group (or, if the escrow procedure described in Section 2.4 hereof is utilized, consent to a disbursement by the Escrow Agent) until five (5) business days after Lessor has received all of the following in form and substance satisfactory to Lessor: (a) a completed Equipment Schedule executed by Lessee; (b) an Acceptance Certificate in the form included with Exhibit A hereto; (c) a resolution or evidence of other official action taken by or on behalf of the Lessee to authorize the acquisition of the Equipment Group on the terms provided in such Equipment Schedule; (d) a Tax Agreement and Arbitrage Certificate in the form of Exhibit B-1 (as applicable) attached hereto; (e) evidence of insurance with respect to the Equipment Group in compliance with Article VII of this Agreement; (f) Vendor invoice(s) and/or bill(s) of sale relating to the Equipment Group, and if such invoices have been paid by Lessee, evidence of payment thereof and evidence of official intent to reimburse such payment as required by the Code; (g) financing statements naming Lessee as debtor and/or the original certificate of title or manufacturer's certificate of origin and title application, if any, for any Equipment which is part of such Equipment Group and is subject to certificate of title laws; (h) a completed and executed Form 8038-G or 8038-GC, as applicable, or evidence of filing thereof with the Secretary of Treasury; (i) an opinion of counsel to the Lessee substantially in the form of Exhibit E hereto, and (j) any other documents or items reasonably required by Lessor.

**Section 2.3. Lease; Possession and Use.** Lessor hereby leases the Equipment to Lessee, and Lessee hereby leases the Equipment from Lessor, upon the terms and conditions set forth herein. Lessee shall have quiet use and enjoyment of and peaceably have and hold each Equipment Group during the related Lease Term, except as expressly set forth in this Agreement.

**Section 2.4. Escrow Procedure.** If Lessor and Lessee agree that the cost of an Equipment Group is to be paid from an Escrow Account: (a) Lessor and Lessee shall execute an Escrow Agreement substantially in the form of Exhibit F; (b) Lessor and Lessee shall execute an Equipment Schedule relating to such Equipment Group; and (c) Lessor shall deposit an amount equal to the cost of the Equipment Group into the Escrow Account. All amounts deposited by Lessor into the Escrow Account shall constitute a loan from Lessor to Lessee which shall be repaid by the Rental Payments due under the related Lease.

### **ARTICLE III. TERM**

**Section 3.1. Term.** This Agreement shall be in effect from the Agreement Date until the earliest of (a) termination under Section 3.2 or (b) termination under Section 12.2; provided, however, no Equipment Schedules shall be executed after any Non-Appropriation or Event of Default. Each Lease with respect to an Equipment Group shall be in effect for a Lease Term commencing upon the Lease Date and ending as provided in Section 3.5.

**Section 3.2. Termination by Lessee.** In the sole event of Non-Appropriation, this Agreement and each Lease hereunder shall terminate, in whole, but not in part, as to all Equipment effective upon the last day of the Fiscal Year for which funds were appropriated, in the manner and subject to the terms specified in this Article. Lessee may effect such termination by giving Lessor a written notice of termination and by paying to Lessor any Rental Payments and other amounts which are due and have not been paid at or before the end of its then current Fiscal Year. Lessee shall endeavor to give notice of such termination not less than ninety (90) days prior to the end of the Fiscal Year for which appropriations were made, and shall notify Lessor of any anticipated termination. In the event of termination of this Agreement as provided in this Section, Lessee shall comply with the instructions received from Lessor in accordance with Section 12.3.

**Section 3.3. Effect of Termination.** Upon termination of this Agreement as provided in Section 3.2, Lessee shall not be responsible for the payment of any additional Rental Payments coming due in succeeding Fiscal Years, but if Lessee has not complied with the instructions received from Lessor in accordance with Section 12.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments that would thereafter have come due if this Agreement had not been terminated and which are attributable to the number of days after which Lessee fails to comply with Lessor's instructions and for any other loss suffered by Lessor as a result of Lessee's failure to take such actions as required.

**Section 3.4. Non-substitution.** If this Agreement is terminated by Lessee in accordance with Section 3.2, to the extent permitted by State law, Lessee agrees not to purchase, lease, rent, borrow, seek appropriations for, acquire or otherwise receive the benefits of any personal property to perform the same functions as, or functions taking the place of, those performed by any of the Equipment, and agrees not to permit such functions to be performed by its own employees or by any agency or entity affiliated with or hired by Lessee, for a period of one year following such termination; provided, however, these restrictions shall not be applicable in the event the Equipment shall be sold by Lessor and the amount received from such sale, less all costs of such sale, is sufficient to pay the then applicable Prepayment Prices relating thereto as set forth in the Equipment Schedules; or to the extent the application of these restrictions is unlawful and would affect the validity of this Agreement.

**Section 3.5. Termination of Lease Term.** The Lease Term with respect to any Lease will terminate upon the occurrence of the first of the following events: (a) the termination of this Agreement by Lessee in accordance with Section 3.2; (b) the payment of the Prepayment Price by Lessee pursuant to Article V; (c) an Event of Default by Lessee and Lessor's election to terminate such Lease pursuant to Article XII; or (d) the payment by Lessee of all Rental Payments and all other amounts authorized or required to be paid by Lessee pursuant to such Lease.

### **ARTICLE IV. RENTAL PAYMENTS**

**Section 4.1. Rental Payments.** The Lessee agrees to pay the Rental Payments due as specified in the Payment Schedule in Exhibit A. A portion of each Rental Payment is paid as interest as specified in the Payment Schedule of each lease, and the first Rental Payment will include Interest accruing from the Funding Date. Lessor is authorized to insert the due date of the first Rental Payment in the Payment Schedule in Exhibit A. All Rental Payments shall be paid to Lessor, or to such assignee(s) Lessor has assigned as stipulated in Article XI, at such places as Lessor or such assignee(s) may from time to time designate by written notice to Lessee. Lessee shall pay the Rental Payments with lawful money of the United States of America from moneys legally available therefor.

**Section 4.2. Current Expense.** The obligations of Lessee, including its obligation to pay the Rental Payments due in any Fiscal Year of a Lease Term, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys (other than moneys lawfully appropriated from time to time by or for the benefit of Lessee for this Agreement and the Net Proceeds of the Equipment) to the payment of any Rental Payment or other amount coming due hereunder.

**Section 4.3. Unconditional Rental Payments.** The Lessee's obligation to make Rental Payments shall be absolute and unconditional. Also, any other payments required hereunder shall be absolute and unconditional. Lessee shall make these payments when due and shall not withhold any of these payments pending final resolution of any disputes. The Lessee shall not assert any right of set-off or counterclaim against its obligation to make these payments. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident, unforeseen circumstances, failure of the Equipment to perform as desired, damage or destruction to the Equipment, loss of possession of the Equipment or obsolescence of the Equipment. The Lessee shall be obligated to continue to make payments required of it

by this Agreement if title to, or temporary use of, the Equipment or any part thereof shall be taken under exercise of the power of eminent domain.

#### **ARTICLE V. OPTION TO PREPAY**

**Section 5.1. Option to Prepay.** Lessee shall have the option to prepay its obligations under any Lease in whole but not in part on any Payment Date for the then applicable Prepayment Price (which shall include a prepayment fee) as set forth in the related Payment Schedule, provided there has been no Non-Appropriation or Event of Default.

**Section 5.2. Exercise of Option.** Lessee shall give notice to Lessor of its intention to exercise its option not less than thirty (30) days prior to the Payment Date on which the option will be exercised and shall pay to Lessor not later than such Payment Date an amount equal to all Rental Payments and any other amounts then due or past due under the related Lease (including the Rental Payment due on the Payment Date on which the option shall be effective and the applicable Prepayment Price set forth in the related Payment Schedule. In the event that all such amounts are not received by Lessor on such Payment Date, such notice by Lessee of exercise its options to prepay of shall be void and the related Lease shall continue in full force and effect.

**Section 5.3. Release of Lessor's Interest.** Upon receipt of the Prepayment Price in good funds with respect to any Equipment Group, the Lease with respect to such Equipment Group shall terminate and Lessee shall become entitled to such Equipment Group AS IS, WHERE IS, WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE, except that such Equipment Group shall not be subject to any lien or encumbrance created by or arising through Lessor.

#### **ARTICLE VI. REPRESENTATIONS, WARRANTIES AND COVENANTS**

**Section 6.1. Representations and Warranties of Lessee.** Lessee represents and warrants as of the Agreement Date and as of each Lease Date as follows:

(a) Lessee is a state or political subdivision of the State within the meaning of Section 103(c) of the Code, duly organized and existing under the Constitution and laws of the State, and is authorized under the Constitution and laws of the State to enter into this Agreement, each Lease and the transactions contemplated hereby and thereby, and to perform all of its obligations under this Agreement and each Lease.

(b) The execution and delivery of this Agreement and each Lease have been duly authorized by all necessary action of Lessee's governing body and such action is in compliance with all public bidding and other State and federal laws applicable to this Agreement, each Lease and the acquisition and financing of the Equipment by Lessee.

(c) This Agreement and each Lease have been duly executed and delivered by and constitutes the valid and binding obligation of Lessee, enforceable against Lessee in accordance with their respective terms.

(d) The execution, delivery and performance of this Agreement and each Lease by Lessee shall not (i) violate any State or federal law or local law or ordinance, or any order, writ, injunction, decree, or regulation of any court or other governmental agency or body applicable to Lessee, or (ii) conflict with or result in the breach or violation of any term or provision of, or constitute a default under, any note, bond, mortgage, indenture, agreement, deed of trust, lease or other obligation to which Lessee is bound.

(e) There is no action, suit, proceeding, claim, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the best of Lessee's knowledge, threatened against or affecting Lessee, challenging Lessee's authority to enter into this Agreement or any Lease or any other action wherein an unfavorable ruling or finding would adversely affect the enforceability of this Agreement or any Lease.

(f) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which Lessee has been a party at any time during the past ten (10) years has been terminated by Lessee as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which Lessee has issued during the past ten (10) years.

(g) Lessee or Lessee's governing body has appropriated and/or taken other lawful actions necessary to provide moneys sufficient to pay all Rental Payments during the current Fiscal Year, and such moneys will be applied in payment of all Rental Payments due and payable during such current Fiscal Year.

(h) Lessee has an immediate need for, and expects to make immediate use of, the Equipment, which need is not temporary or expected to diminish during the applicable Lease Term. Lessee presently intends to continue each Lease hereunder for its entire Lease Term and to pay all Rental Payments relating thereto.

**Section 6.2. Covenants of Lessee.** Lessee agrees that so long as any Rental Payments or other amounts due under this Agreement remain unpaid:

(a) Lessee shall not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or regulation or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment. Lessee shall not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition would change or impair the originally intended functions, value or use of such Equipment.

(b) Lessee shall provide Lessor access at all reasonable times to examine and inspect the Equipment and provide Lessor with such access to the Equipment as may be reasonably necessary to perform maintenance on the Equipment in the event of failure by Lessee to perform its obligations hereunder.

(c) Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other claim with respect to the Equipment, other than the respective rights of Lessor and Lessee as herein provided. Lessee shall promptly, at its own expense, take such actions as may be necessary duly to discharge or remove any such claim if the same shall arise at any time. Lessee shall reimburse Lessor for any expense incurred by Lessor in order to discharge or remove any such claim.

(d) The person or entity in charge of preparing Lessee's budget will include in the budget request for each Fiscal Year the Rental Payments to become due during such Fiscal Year, and will use all reasonable and lawful means available to secure the appropriation of money for such Fiscal Year sufficient to pay all Rental Payments coming due therein. Lessor acknowledges that appropriation for Rental Payments is a governmental function which Lessee cannot contractually commit itself in advance to perform. Lessee acknowledges that this Agreement does not constitute such a commitment. However, Lessee reasonably believes that moneys in an amount sufficient to make all Rental Payments can and will lawfully be appropriated and made available to permit Lessee's continued utilization of the Equipment in the performance of its essential functions during the applicable Lease Terms.

(e) Lessee shall assure that its obligation to pay Rental Payments is not directly or indirectly secured by any interest in property, other than the Equipment, and that the Rental Payments will not be directly or indirectly secured by or derived from any payments of any type or any fund other than Lessee's general purpose fund.

(f) Upon Lessor's request, Lessee shall provide Lessor with current financial statements, budgets, and proof of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of Lessee to continue this Agreement and each Lease as may be reasonably requested by Lessor.

(g) Lessee shall promptly and duly execute and deliver to Lessor such further documents, instruments and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

### **Section 6.3. Tax Related Representations, Warranties and Covenants.**

(a) *Incorporation of Tax Agreement and Arbitrage Certificate.* As of each Lease Date and with respect to each Lease, Lessee makes each of the representations, warranties and covenants contained in the Tax Agreement and Arbitrage Certificate delivered with respect to such Lease. By this reference each such Tax Agreement and Arbitrage Certificate is incorporated in and made a part of this Agreement.

(b) *Event of Taxability.* If Lessor either (i) receives notice, in any form, from the Internal Revenue Service or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor, that Lessor may not exclude any Interest paid under any Lease from its Federal gross income (each an "Event of Taxability"), the Lessee shall pay to Lessor upon demand (x) an amount which, with respect to Rental Payments previously paid and taking into account all penalties, fines, interest and additions to tax (including all federal, state and local taxes imposed on the Interest due through the date of such event), will restore to Lessor its after-tax yield (assuming tax at the highest marginal tax rate and taking into account the time of receipt of Rental Payments and reinvestment at the after-tax yield rate) on the transaction evidenced by such Lease through the date of such event and (y) as additional Rental Payments to Lessor on each succeeding Payment Date such amount as will maintain such after-tax yield to Lessor.

## **ARTICLE VII. INSURANCE AND RISK OF LOSS**

**Section 7.1. Liability and Property Insurance.** Lessee shall, at its own expense, procure and maintain continuously in effect during each Lease Term: (a) public liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the Equipment sufficient to protect Lessor and/or assigns from liability in all events, with a coverage of not less than \$1,000,000 per occurrence unless specified differently in the related Equipment Schedule, and (b) insurance against such hazards as Lessor may require, including, but not limited to, all-risk casualty and property insurance, in an amount equal to the greater of the full replacement cost of the Equipment or the applicable Prepayment Price of each Equipment Group.

**Section 7.2. Workers' Compensation Insurance.** If required by State law, Lessee shall carry workers' compensation insurance covering all employees on, in, near or about the Equipment, and upon request, shall furnish to Lessor certificates evidencing such coverage throughout the Lease Term.

### **Section 7.3. Insurance Requirements.**

(a) *Insurance Policies.* All insurance policies required by this Article shall be taken out and maintained with insurance companies acceptable to Lessor and shall contain a provision that thirty (30) days prior to any change in the coverage the insurer must provide written notice to the insured parties. No insurance shall be subject to any co-insurance clause. Each insurance policy shall name Lessor and/or its assigns as an additional insured party and loss payee regardless of any breach of warranty or other act or omission of Lessee and shall include a lender's loss payable endorsement for the benefit of Lessor and/or its assigns. Prior to the delivery of Equipment, Lessee shall deposit with Lessor evidence satisfactory to Lessor of such insurance and, prior to the expiration thereof, shall provide Lessor evidence of all renewals or replacements thereof.

(b) *Self Insurance.* With Lessor's prior consent, Lessee may self-insure the Equipment by means of an adequate insurance fund set aside and maintained for that purpose which must be fully described in a letter delivered to Lessor in form acceptable to Lessor.

(c) *Evidence of Insurance.* Lessee shall deliver to Lessor upon acceptance of any Equipment evidence of insurance which complies with this Article VII with respect to such Equipment to the satisfaction of Lessor, including, without limitation, the confirmation of insurance in the form of Exhibit G-1 attached hereto together with Certificates of Insurance, when available, or the Questionnaire for Self-Insurance and Addendum to Equipment Schedule Relating to Self-Insurance in the form of Exhibit G-2 attached hereto, as applicable.

**Section 7.4. Risk of Loss.** To the extent permitted by applicable laws of the State, as between Lessor and Lessee, Lessee assumes all risks and liabilities from any cause whatsoever, whether or not covered by insurance, for loss or damage to any Equipment and for injury to or death of any person or damage to any property. Whether or not covered by insurance, Lessee hereby assumes responsibility for and agrees

to indemnify Lessor from all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses, including reasonable attorneys' fees, imposed on, incurred by or asserted against Lessor that relate to or arise out of this Agreement, including but not limited to, (a) the selection, manufacture, purchase, acceptance or rejection of Equipment or the ownership of the Equipment, (b) the delivery, lease, possession, maintenance, use, condition, return or operation of the Equipment, (c) the condition of the Equipment sold or otherwise disposed of after possession by Lessee, (d) the conduct of Lessee, its officers, employees and agents, (e) a breach of Lessee of any of its covenants or obligations hereunder, (f) any claim, loss, cost or expense involving alleged damage to the environment relating to the Equipment, including, but not limited to investigation, removal, cleanup and remedial costs, and (g) any strict liability under the laws or judicial decisions of any state or the United States. This provision shall survive the termination of this Agreement.

**Section 7.5. Destruction of Equipment.** Lessee shall provide a complete written report to Lessor immediately upon any loss, theft, damage or destruction of any Equipment and of any accident involving any Equipment. Lessor may inspect the Equipment at any time and from time to time during regular business hours. If all or any part of the Equipment is stolen, lost, destroyed or damaged beyond repair ("Damaged Equipment"), Lessee shall within thirty (30) days after such event either: (a) replace the same at Lessee's sole expense with equipment having substantially similar Specifications and of equal or greater value to the Damaged Equipment immediately prior to the time of the loss occurrence, such replacement equipment to be subject to Lessor's approval, whereupon such replacement equipment shall be substituted in the applicable Lease and the other related documents by appropriate endorsement or amendment; or (b) pay the applicable Prepayment Price of the Damaged Equipment determined as set forth in the related Equipment Schedule. Lessee shall notify Lessor of which course of action it will take within fifteen (15) days after the loss occurrence. If, within forty-five (45) days of the loss occurrence, (a) Lessee fails to notify Lessor; (b) Lessee and Lessor fail to execute an amendment to the applicable Equipment Schedule to delete the Damaged Equipment and add the replacement equipment or (c) Lessee has failed to pay the applicable Prepayment Price, then Lessor may, at its sole discretion, declare the applicable Prepayment Price of the Damaged Equipment, to be immediately due and payable. The Net Proceeds of insurance with respect to the Damaged Equipment shall be made available by Lessor to be applied to discharge Lessee's obligation under this Section.

## **ARTICLE VIII. OTHER OBLIGATIONS OF LESSEE**

**Section 8.1. Maintenance of Equipment.** Lessee shall notify Lessor in writing prior to moving the Equipment to another address and shall otherwise keep the Equipment at the address specified in the related Equipment Schedule. Lessee shall, at its own expense, maintain the Equipment in proper working order and shall make all necessary repairs and replacements to keep the Equipment in such condition including compliance with State and federal laws. Any and all replacement parts must be free of encumbrances and liens. All such replacement parts and accessories shall be deemed to be incorporated immediately into and to constitute an integral portion of the Equipment and as such, shall be subject to the terms of this Agreement.

**Section 8.2. Taxes.** Lessee shall pay all taxes and other charges which are assessed or levied against the Equipment, the Rental Payments or any part thereof, or which become due during the Lease Term, whether assessed against Lessee or Lessor, except as expressly limited by this Section. Lessee shall pay all utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment, and all special assessments and charges lawfully made by any governmental body that may be secured by a lien on the Equipment. Lessee shall not be required to pay any federal, state or local income, succession, transfer, franchise, profit, excess profit, capital stock, gross receipts, corporate, or other similar tax payable by Lessor, its successors or assigns, unless such tax is made as a substitute for any tax, assessment or charge which is the obligation of Lessee under this Section.

**Section 8.3. Advances.** If Lessee shall fail to perform any of its obligations under this Article, Lessor may take such action to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand, with interest at the rate of 18% per annum or the maximum rate permitted by law, whichever is less, from the date of the advance to the date of repayment.

## **ARTICLE IX. TITLE**

**Section 9.1. Title.** During the Lease Term, ownership and legal title of all Equipment and all replacements, substitutions, repairs and modification shall be in Lessee and Lessee shall take all action necessary to vest such ownership and title in Lessee. Lessor does not own the Equipment and by this Agreement and each Lease is merely financing the acquisition of such equipment for Lessee. Lessor has not been in the chain of title of the Equipment, does not operate, control or have possession of the Equipment and has no control over the Lessee or the Lessee's operation, use, storage or maintenance of the Equipment.

**Section 9.2. Security Interest.** Lessee hereby grants to Lessor a continuing, first priority security interest in and to the Equipment, all repairs, replacements, substitutions and modifications thereto and all proceeds thereof and in the Escrow Account (if any) in order to secure Lessee's payment of all Rental Payments and the performance of all other obligations. Lessee hereby authorizes Lessor to prepare and file such financing statements and other such documents to establish and maintain Lessor's valid first lien and perfected security interest. Lessee will join with Lessor in executing such documents and will perform such acts as Lessor may request to establish and maintain Lessor's valid first lien and perfected security interest. If requested by Lessor, Lessee shall obtain a landlord and/or mortgagee's consent and waiver with respect to the Equipment. If requested by Lessor, Lessee shall conspicuously mark the Equipment, and maintain such markings during the Lease Term, to clearly disclose Lessor's security interest in the Equipment. Upon termination of a Lease through exercise of Lessee's option to prepay pursuant to Article V or through payment by Lessee of all Rental Payments and other amounts due with respect to an Equipment Group, Lessor's security interest in such Equipment Group shall terminate, and Lessor shall execute and deliver to Lessee such documents as Lessee may reasonably request to evidence the termination of Lessor's security interest in such Equipment Group.

**Section 9.3. Modification of Equipment.** Lessee will not, without the prior written consent of Lessor, affix or install any accessory equipment or device on any of the Equipment if such addition will change or impair the originally intended value, function or use of the Equipment.

**Section 9.4. Personal Property.** The Equipment is and shall at all times be and remain personal property and not fixtures.

#### **ARTICLE X. WARRANTIES**

**Section 10.1. Selection of Equipment.** Each Vendor and all of the Equipment have been selected by Lessee. Lessor shall have no responsibility in connection with the selection of the Equipment, the ordering of the Equipment, its suitability for the use intended by Lessee, the acceptance by any Vendor or its sales representative of any order submitted, or any delay or failure by such Vendor or its sales representative to manufacture, deliver or install any Equipment for use by Lessee.

**Section 10.2. Vendor's Warranties.** Lessor hereby assigns to Lessee for and during the related Lease Term, all of its interest, if any, in all Vendor's warranties, guarantees and patent indemnity protection, express or implied issued on or applicable to an Equipment Group, and Lessee may obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessor has no obligation to enforce any Vendor's warranties or obligations on behalf of itself or Lessee.

**Section 10.3. Disclaimer of Warranties.** LESSEE ACKNOWLEDGES THAT THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY, AND MANUFACTURE SELECTED BY LESSEE. LESSEE ACKNOWLEDGES THAT IT SELECTED THE EQUIPMENT WITHOUT ASSISTANCE OF LESSOR, ITS AGENTS OR EMPLOYEES. LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT, AND DOES NOT INSPECT THE EQUIPMENT BEFORE DELIVERY TO LESSEE. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANT-ABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE EQUIPMENT. IN NO EVENT SHALL LESSOR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE EQUIPMENT OR LESSEE'S USE OF THE EQUIPMENT.

#### **ARTICLE XI. ASSIGNMENT AND SUBLEASING**

**Section 11.1. Assignment by Lessor.** Lessor, without Lessee's consent, may assign and reassign all of Lessor's right, title and/or interest in and to this Agreement or any Lease, including, but not limited to, the Rental Payments and other amounts payable by Lessee and Lessor's interest in the Equipment, in whole or in part to one or more assignees or subassignee(s) by Lessor at any time. No such assignment shall be effective as against Lessee unless and until written notice of the assignment is provided to Lessee. When presented with a notice of assignment, Lessee will acknowledge in writing receipt of such notice for the benefit of Lessor and any assignee. Lessee shall keep a complete and accurate record of all such assignments.

**Section 11.2. Assignment and Subleasing by Lessee.** Neither this Agreement nor any Lease or any Equipment may be assigned, subleased, sold, transferred, pledged or mortgaged by Lessee.

#### **ARTICLE XII. EVENTS OF DEFAULT AND REMEDIES**

**Section 12.1. Events of Default Defined.** The occurrence of any of the following events shall constitute an Event of Default under this Agreement and each Lease:

- (a) Lessee's failure to pay, within ten (10) days following the due date thereof, any Rental Payment or other amount required to be paid to Lessor (other than by reason of Non-Appropriation).
- (b) Lessee's failure to maintain insurance as required by Article VII.
- (c) With the exception of the above clauses (a) & (b), Lessee's failure to perform or abide by any condition, agreement or covenant for a period of thirty (30) days after written notice by Lessor to Lessee specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of time prior to its expiration.
- (d) Lessor's determination that any representation or warranty made by Lessee in this Agreement was untrue in any material respect upon execution of this Agreement or any Equipment Schedule.
- (e) The occurrence of an Event of Taxability.
- (f) The filing of a petition in bankruptcy by or against Lessee, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its governmental functions or assignment by Lessee for the benefit of creditors, or the entry by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of Lessee, or the dissolution or liquidation of Lessee.

**Section 12.2. Remedies on Default.** Upon the occurrence of any Event of Default, Lessor shall have the right, at its option and without any further demand or notice to one or more or all of the following remedies:

- (a) Lessor, with or without terminating this Agreement or any Lease, may declare all Rental Payments immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable.
- (b) Lessor, with or without terminating this Agreement or any Lease, may repossess any or all of the Equipment by giving Lessee written notice to deliver such Equipment in the manner provided in Section 12.3; or in the event Lessee fails to do so within ten (10) days after receipt of such notice, Lessor may enter upon Lessee's premises where such Equipment is kept and take possession of such Equipment and charge Lessee for costs incurred, including reasonable attorneys' fees. Lessee hereby expressly waives any damages occasioned by such repossession. If the Equipment or any portion has been destroyed, Lessee shall pay the applicable Prepayment Price of

the destroyed Equipment as set forth in the related Payment Schedule. Regardless of the fact that Lessor has taken possession of the Equipment, Lessee shall continue to be responsible for the Rental Payments due during the Fiscal Year.

(c) If Lessor terminates this Agreement and/or any Lease and, in its discretion, takes possession and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all expenses incurred in completing the disposition; (iii) any sales or transfer taxes; (iv) the applicable Prepayment Prices of the Equipment Groups; and (v) the balance of any Rental Payments owed by Lessee during the Fiscal Year then in effect. Any disposition proceeds remaining after the requirements of Clauses (i), (ii), (iii), (iv) and (v) have been met shall be paid to Lessee.

(d) Lessor may take any other remedy available, at law or in equity, with respect to such Event of Default, including those requiring Lessee to perform any of its obligations or to pay any moneys due and payable to Lessor and Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in enforcing any remedy hereunder.

(e) Each of the foregoing remedies is cumulative and may be enforced separately or concurrently.

**Section 12.3. Return of Equipment: Release of Lessee's Interest.** Upon termination of any Lease prior to the payment of all related Rental Payments or the applicable Prepayment Price (whether as result of Non-Appropriation or Event of Default), Lessee shall, within ten (10) days after such termination, at its own expense: (a) perform any testing and repairs required to place the related Equipment in the condition required by Article VIII; (b) if deinstallation, disassembly or crating is required, cause such Equipment to be deinstalled, disassembled and crated by an authorized manufacturer's representative or such other service person as is satisfactory to Lessor; and (c) return such Equipment to a location specified by Lessor, freight and insurance prepaid by Lessee. If Lessee refuses to return such Equipment in the manner designated, Lessor may repossess the Equipment without demand or notice and without court order or legal process and charge Lessee the costs of such repossession. Upon termination of this Agreement in accordance with Article III or Article XII hereof, at the election of Lessor and upon Lessor's written notice to Lessee, full and unencumbered legal title and ownership of the Equipment shall pass to Lessor. Lessee shall have no further interest therein. Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the passage of legal title and ownership to Lessor and termination of Lessee's interest in the Equipment.

**Section 12.4 Late Charge.** Lessor shall have the right to require late payment charge for each Rental or any other amount due hereunder which is not paid within 10 days of the date when due equal to the lesser of 5% of each late payment or the legal maximum. This Section is only applicable to the extent it does not affect the validity of this Agreement.

## **ARTICLE XIII. MISCELLANEOUS PROVISIONS**

**Section 13.1. Notices.** All written notices to be given under this Agreement shall be given by mail to the party entitled thereto at its address specified beneath each party's signature, or at such address as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, or, if given by other means, when delivered at the address specified in this Section 13.1.

**Section 13.2. Binding Effect.** This Agreement and each Lease hereunder shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns. Specifically, as used herein the term "Lessor" means any person or entity to whom Lessor has assigned its right to receive Rental Payments under any Lease.

**Section 13.3. Severability.** In the event any provision of this Agreement or any Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 13.4. Entire Agreement; Amendments.** This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. This Agreement may be amended or modified only by written documents duly authorized, executed and delivered by Lessor and Lessee.

**Section 13.5. Captions.** The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or Clauses hereof.

**Section 13.6. Further Assurances and Corrective Instruments.** Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement. Lessee hereby authorizes Lessor to file any financing statement or supplements thereto as may be reasonably required for correcting any inadequate description of the Equipment hereby leased or intended so to be, or for otherwise carrying out the expressed intention of this Agreement.

**Section 13.7. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 13.8. Usury.** It is the intention of the parties hereto to comply with any applicable usury laws; accordingly, it is agreed that, notwithstanding any provisions to the contrary herein or in any Equipment Schedule, in no event shall this Agreement or any Lease hereunder require the payment or permit the collection of Interest or any amount in the nature of Interest or fees in excess of the maximum amount permitted by applicable law. Any such excess Interest or fees shall first be applied to reduce Principal, and when no Principal remains, refunded to Lessee. In determining whether the Interest paid or payable exceeds the highest lawful rate, the total amount of Interest shall be spread through the applicable Lease Term so that the Interest is uniform through such term.

**Section 13.9. Lessee's Performance.** A failure or delay of Lessor to enforce any of the provisions of this Agreement or any Lease shall in no way be construed to be a waiver of such provision.

**Section 13.10. Waiver of Jury Trial.** Lessor and Lessee hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Agreement.



**Section 13.11. USA Patriot Act Compliance Notification.** Along with all other U.S. Financial institutions, we began complying with Section 326 of the USA Patriot Act effective October 1, 2003. Designed to assist the government in preventing the funding of terrorist and money laundering activities, this section of the USA Patriot Act requires us to know the business entities that are new to MINORITY ALLIANCE CAPITAL, LLC. To accomplish this we will obtain, verify and record information that identifies business entities that open new accounts with us. What this means to you: when you open your account with us for your business, we will ask you for business name, physical address, taxpayer identification number and other information that will allow us to verify your company's identity. The information requested may include documents, such as your charter or Articles of Incorporation which will verify the identifying information you are giving us.

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**EXECUTION PAGE OF MASTER LEASE AGREEMENT**

**LEASE NUMBER 06533**

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**IN WITNESS WHEREOF**, Lessor has caused this Agreement to be executed in its corporate name by its duly authorized officer, and Lessee has caused this Agreement to be executed in its name by its duly authorized officer.

**CITY OF DETROIT,**  
Lessee

**MINORITY ALLIANCE CAPITAL, LLC,**  
Lessor

By: \_\_\_\_\_  
Name: Kwame M. Kilpatrick  
Title: Mayor  
Date: \_\_\_\_\_

**SIGN HERE**

Address: Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit, MI 48226

Telephone: 313/224-7244  
Facsimile: 313/224-5506  
E-mail address: \_\_\_\_\_

By: \_\_\_\_\_  
Name: Michele McDonald  
Title: Director of Operations & Client Services  
Date: \_\_\_\_\_

Address: 6960 Orchard Lake, Suite 306  
West Bloomfield, MI 48322

Telephone: 248/855-8665  
Facsimile: 248/539-1397

**EXHIBIT A**

**EQUIPMENT SCHEDULE NO. 01  
TO LEASE NO. 06533**

The following Equipment comprises an Equipment Group which is the subject of the Master Lease Agreement dated as March 25, 2008 (the "Agreement") between the undersigned Lessor and Lessee. The Agreement is incorporated herein in its entirety, and Lessee hereby reaffirms each of its representations, warranties and covenants contained in the Agreement. Lessee warrants that no Non-Appropriation and no Event of Default, or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, has occurred under the Agreement. An Acceptance Certificate and Payment Schedule are attached to this Equipment Schedule and by reference are made a part hereof. The terms capitalized in this Equipment Schedule but not defined herein shall have the meanings assigned to them in the Agreement.

**EQUIPMENT GROUP**

The cost of the Equipment Group to be funded by Lessee under this Lease is **\$4,550,000.00** (the "Acquisition Cost"). The Equipment Group consists of the following Equipment which has been or shall be purchased:

**ORACLE TREASURY CASH MANAGEMENT MODULE SOFTWARE**

The Equipment Group is or will be located at the following address(es). Prior to relocation of the Equipment Group or any portion thereof during the Lease Term, Lessee will provide written notice to Lessor:

**COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE  
DETROIT, MI 48226**

**CITY OF DETROIT,**  
Lessee

**MINORITY ALLIANCE CAPITAL, LLC,**  
Lessor

By: \_\_\_\_\_  
Name: Kwame M. Kilpatrick  
Title: Mayor  
Date: \_\_\_\_\_



By: \_\_\_\_\_  
Name: Michele McDonald  
Title: Director of Operations & Client Services  
Date: \_\_\_\_\_

Address: Coleman A. Young Municipal Center  
2 Woodward Avenue  
Detroit, MI 48226

Address: 6960 Orchard Lake, Suite 306  
West Bloomfield, MI 48322

Telephone: 313/224-7244  
Facsimile: 313/224-5506

Telephone: 248/855-8665  
Facsimile: 248/539-1397

**PAYMENT SCHEDULE**

The Funding Date with respect to the above referenced Equipment Group shall be March 25, 2008. Lessor shall retain any interest accruing between the Funding Date and the closing date. The Annual Interest Rate applicable to the Equipment Group shall be 3.93%. Lessee will make Rental Payments each consisting of Principal and Interest as set forth below for a term of 5 years. The first Rental Payment is due on June 25, 2008 and subsequent payments are due quarterly on like date thereafter.

<b>Payment Number</b>	<b>Payment Date</b>	<b>Payment Amount</b>	<b>Interest Component</b>	<b>Principal Component</b>	<b>Prepayment Price*</b>
1	6/25/2008	251,695.64	44,703.75	206,991.89	4,560,158.52
2	9/25/2008	251,695.64	42,670.05	209,025.59	4,340,681.65
3	12/25/2008	251,695.64	40,616.38	211,079.26	4,119,048.42
4	3/25/2009	251,695.64	38,542.52	213,153.12	3,895,237.65
5	6/25/2009	251,695.64	36,448.30	215,247.34	3,669,227.94
6	9/25/2009	251,695.64	34,333.49	217,362.15	3,440,997.68
7	12/25/2009	251,695.64	32,197.91	219,497.73	3,210,525.07
8	3/25/2010	251,695.64	30,041.34	221,654.30	2,977,788.05
9	6/25/2010	251,695.64	27,863.59	223,832.05	2,742,764.40
10	9/25/2010	251,695.64	25,664.44	226,031.20	2,505,431.64
11	12/25/2010	251,695.64	23,443.68	228,251.96	2,265,767.08
12	3/25/2011	251,695.64	21,201.11	230,494.53	2,023,747.82
13	6/25/2011	251,695.64	18,936.50	232,759.14	1,779,350.73
14	9/25/2011	251,695.64	16,649.64	235,046.00	1,532,552.43
15	12/25/2011	251,695.64	14,340.31	237,355.33	1,283,329.33
16	3/25/2012	251,695.64	12,008.30	239,687.34	1,031,657.62
17	6/25/2012	251,695.64	9,653.37	242,042.27	777,513.24
18	9/25/2012	251,695.64	7,275.30	244,420.34	520,871.88
19	12/25/2012	251,695.64	4,873.87	246,821.77	261,709.02
20	3/25/2013	251,695.64	2,448.95	249,246.69	0.00
<b>TOTAL</b>		<b>5,033,912.80</b>	<b>483,912.80</b>	<b>4,550,000.00</b>	

**CITY OF DETROIT,**  
Lessee

By: \_\_\_\_\_  
Name: Kwame M. Kilpatrick  
Title: Mayor  
Date: \_\_\_\_\_

**SIGN HERE**

\* After payment of Rental Payment due on such date.

Lease No.: Shown on Schedule I  
Equipment Schedule: Shown on Schedule I

MINORITY ALLIANCE CAPITAL, LLC

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ESCROW AGREEMENT

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This **ESCROW AGREEMENT**, made and entered into as of the Date shown on Schedule I, by and among **MINORITY ALLIANCE CAPITAL, LLC**, a limited liability company organized under the laws of Michigan ("Lessor"), the Lessee named on Schedule I, which is a political subdivision or public body politic and corporate of the State or Commonwealth shown on Schedule I ("Lessee"), and **SUNTRUST BANK**, a Georgia banking corporation, as Escrow Agent ("Escrow Agent").

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

**ARTICLE I. DEFINITIONS AND RECITALS**

**Section 1.1. Definitions.** The terms defined in this Section 1.1 shall, for all purposes of this Escrow Agreement, have the meanings specified below or on Schedule I.

**"Acquisition Costs"** means, with respect to the Equipment, the contract price paid or to be paid to the person entitled to such payment upon acquisition or delivery of any portion of the Equipment in accordance with the purchase order or contract herefore. Acquisition Costs may include the administrative, engineering, legal, financial and other costs incurred by Lessee in connection with the acquisition, delivery and financing of the Equipment, if approved by Lessor.

**"Equipment"** means the personal property described in the Acceptance Certificate executed pursuant to the Lease, together with any and all modifications, additions and alterations thereto, to be acquired from the moneys held in the Equipment Acquisition Fund.

**"Equipment Acquisition Fund"** means the account by that name established and held by Escrow Agent pursuant to Article II of this Escrow Agreement.

**"Escrow Agent Fee"** has the meaning set forth in Section 6.1 and the amount of such Escrow Agent Fee is shown on Schedule I.

**"Escrow Agreement"** means this Escrow Agreement and any duly authorized and executed amendment or supplement hereto.

**"Initial Deposit Amount"** means the amount shown as the Initial Deposit Amount on Schedule I.

**"Lease"** means the Master Lease, together with the Equipment Schedule identified on Schedule I, by and between Lessee and Lessor, and any duly authorized and executed amendment or supplement thereto.

**"Master Lease"** means the Master Lease Agreement, dated as of the date shown on Schedule I, by and between Lessee and Lessor, including any Equipment Schedules entered into thereunder and any duly authorized and executed amendment or supplement thereto.

**"Payment Request Form"** means the document substantially in the form attached hereto as Exhibit A to be executed by Lessee and Lessor and submitted to Escrow Agent to authorize payment of Acquisition Costs.

**"Qualified Investments"** means the ST Leasing – Corp Agency NOW Account, a SunTrust Deposit Account for Escrow customers of MINORITY ALLIANCE CAPITAL, LLC and SunTrust Bank. By signing this Escrow Agreement, Lessee acknowledges that such Qualified Investment is a permitted investment under any state, county or municipal law applicable to the investment of Lessee's funds.

**ARTICLE II. APPOINTMENT OF ESCROW AGENT; AUTHORITY**

**Section 2.1. Appointment of Escrow Agent.** Lessor and Lessee hereby appoint and employ Escrow Agent to receive, hold, invest and disburse the moneys to be paid to Escrow Agent pursuant to this Escrow Agreement and to perform certain other functions, all as hereinafter provided. By executing and delivering this Escrow Agreement, Escrow Agent accepts the duties and obligations of Escrow Agent hereunder.

Escrow Agent undertakes to perform only such duties as are expressly set forth herein, and no additional duties or obligations shall be implied hereunder. In performing its duties under this Escrow Agreement, or upon the claimed failure to perform any of its duties hereunder, Escrow Agent shall not be liable to anyone for any damages, losses or expenses which may be incurred as a result of Escrow Agent so acting or failing to so act; *provided, however*, Escrow Agent shall not be relieved from liability for damages arising out of its proven gross negligence or willful misconduct under this Escrow Agreement. Escrow Agent shall in no event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel, which may be counsel to any party hereto, given with respect to any question relating to the duties and responsibilities of Escrow Agent hereunder or (ii) any action taken or omitted to be taken in reliance upon any instrument delivered to Escrow Agent and believed by it to be genuine and to have been signed or presented by the proper party or parties. Escrow Agent shall not be bound in any way by any agreement or contract between Lessor and Lessee, including the Master Lease, whether or not Escrow Agent has knowledge of any such agreement or contract.

**Section 2.2. Authority.** Each of the parties has authority to enter into this Escrow Agreement, and has taken all actions necessary to authorize the execution of this Escrow Agreement by the representatives whose signatures are affixed hereto.

### **ARTICLE III. EQUIPMENT ACQUISITION FUND**

**Section 3.1. Equipment Acquisition Fund.** Escrow Agent shall establish a special escrow account designated as the "Equipment Acquisition Fund" (the "Equipment Acquisition Fund"), shall keep such Equipment Acquisition Fund separate and apart from all other funds and moneys held by it and shall administer such Equipment Acquisition Fund as provided in this Escrow Agreement.

**Section 3.2. Deposit.** Upon execution of the Lease and delivery to the Lessor by Lessee of all documents required to be delivered thereunder, Lessor shall deposit or cause to be deposited with Escrow Agent an amount equal to the Initial Deposit Amount. Escrow Agent shall credit such amount to the Equipment Acquisition Fund. The Initial Deposit Amount is to be sent by Lessor to Escrow Agent by wire transfer to: : SunTrust Bank, Atlanta, Georgia, ABA# 061000104, Account# 9088000265, Account Name: Corporate Agency Services, Beneficiary as shown on Schedule I, Attention: Gloria Reyes.

**Section 3.3. Disbursements.** Escrow Agent shall use the moneys in the Equipment Acquisition Fund from time to time to pay the Acquisition Cost of each item of Equipment, within a reasonable time of receipt with respect thereto of a Payment Request Form executed by Lessor and Lessee. Upon receipt of a Payment Request Form executed by Lessor and Lessee, an amount equal to the Acquisition Cost as shown therein shall be paid directly by Escrow Agent to the person or entity entitled to payment as specified therein. Although the Payment Request Form may have schedules, invoices and other supporting document attached to it, Lessor will send to Escrow Agent only the page or pages showing the signatures of Lessor and Lessee, the Acquisition Cost and related payment information, without such schedules, invoices or other supporting documentation. Escrow Agent may act and rely upon the signed Payment Request Form without the need to review or verify any such schedules, invoices or other supporting documentation.

**Section 3.4. Transfers Upon Completion.** Unless all of the funds deposited by Lessor in the Equipment Acquisition Fund have been previously disbursed pursuant to Section 3.3 or paid to Lessor pursuant to Section 3.5, on the Ending Date shown on Schedule I, Escrow Agent shall pay upon written direction all remaining moneys in the Equipment Acquisition Fund to Lessor or its assignee for application as a prepayment of the unpaid Principal under the related Lease. Any amounts paid pursuant to this Section 3.4 shall be subject to a prepayment fee equal to two percent (2%) of such amount. Lessor shall apply amounts received under this Section 3.4 first to unpaid fees, late charges and collection costs, if any, which have accrued or been incurred under the Master Lease, then to overdue Principal and Interest on the Lease and then, in the sole discretion of Lessor, either (i) to Principal payments thereafter due under the Lease in the inverse order of their maturities or (ii) proportionately to each Principal payment thereafter due under the Lease. In the event that Lessor elects to apply any such amounts in accordance with clause (i) of the preceding sentence, Lessee shall continue to make Rental Payments as scheduled in the applicable Payment Schedule. In the event that Lessor elects to apply such amounts in accordance with clause (ii) of this Section 3.4, Lessor shall provide Lessee with a revised Payment Schedule which shall reflect the revised Principal balance and reduced Rental Payments due under the Lease. Capitalized terms used in this Section 3.4, but not defined herein, shall have the meanings given to such terms in the Lease. Escrow Agent shall have no responsibility to see to the appropriate application of any moneys returned under this Section 3.4.

**Section 3.5. Liquidation.** Upon receipt of written notice from Lessor or Lessee that the Lease has been terminated pursuant to Sections 3.2 or 12.2 thereof, Escrow Agent shall liquidate all investments held in the Equipment Acquisition Fund and transfer the proceeds thereof and all other moneys held in the Equipment Acquisition Fund to Lessor.

**Section 3.6. Responsible Party.** The Lessee shall be responsible for the initiation of the disbursement process pursuant to Section 3.3 hereof. Neither Escrow Agent nor Lessor shall be responsible for any additional monies assessed to Lessee resulting from disbursements made from the Equipment Acquisition Fund.

### **ARTICLE IV. TRUST; INVESTMENT**

**Section 4.1. Irrevocable Trust.** The moneys and investments held by Escrow Agent under this Escrow Agreement are irrevocably held in trust for the benefit of Lessor and Lessee, and such moneys, together with any income or interest earned, shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lessor or Lessee (other than Lessor's security interest granted hereunder).

Escrow Agent shall have no responsibility at any time to ascertain whether or not any security interest exists in the Equipment Acquisition Fund or any part of the Equipment Acquisition Fund or to file any financing statement under the Uniform Commercial Code of any jurisdiction with respect to the Equipment Acquisition Fund or any part thereof.

**Section 4.2. Investment.** Moneys held by Escrow Agent hereunder shall be invested and reinvested by Escrow Agent only in Qualified Investments. Such investments shall be registered in the name of Escrow Agent and held by Escrow Agent for the benefit of Lessor and Lessee. Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Article IV. Such investments and re-investments shall be made giving full consideration for the time at which funds are required to be available. Any income received on such investments shall be credited to the Equipment Acquisition Fund and any loss on such investments shall be charged to the Equipment Acquisition Fund. Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with this Article IV.

**Section 4.3. Disposition of Investments.** Escrow Agent shall, without further direction from Lessor or Lessee, sell such investments as and when required to make any payment from the Equipment Acquisition Fund.

**Section 4.4. Accounting.** Escrow Agent shall keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement which shall be available for inspection by Lessor or Lessee, or the agent of either of them, at any time during regular business hours upon prior written request. Escrow Agent shall furnish to Lessor and Lessee no less than quarterly an accounting of all investments and interest and income therefrom.

**Section 4.5. Termination.** This Escrow Agreement shall terminate upon disbursement by Escrow Agent of all moneys held by it hereunder. Notwithstanding the foregoing, this Escrow Agreement shall not be considered to be terminated until all fees, costs and expenses of Escrow Agent have been paid in full. Upon termination, Escrow Agent shall be discharged from all duties and responsibilities under this Escrow Agreement.

## **ARTICLE V. ESCROW AGENT'S AUTHORITY; INDEMNIFICATION**

**Section 5.1. Validity.** Escrow Agent may act upon any writing or instrument or signature which it believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so, and Escrow Agent shall be under no duty to make any investigation or inquiry as to any of the foregoing. Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited with it, nor as to the identity, authority or right of any person executing the same.

Escrow Agent shall be entitled to rely upon any statement, certificate, document or instrument presented to it by or on behalf of Lessee by any of the Lessee's Authorized Representatives shown on Schedule I and shall be entitled to rely upon any such statement, certificate, document or instrument presented to it by any other person who identifies himself or herself as an authorized representative of Lessee.

**Section 5.2. Use of Counsel and Agents.** Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers. Escrow Agent shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder and shall be paid or reimbursed the reasonable fees and expenses of such counsel, as provided in Section 6.1. Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

**Section 5.3. Interpretation.** As an additional consideration for and as an inducement for Escrow Agent to act hereunder, it is understood and agreed that, in the event of any disagreement between the parties to this Escrow Agreement or among them or any other persons resulting in adverse claims and demands being made in connection with or for any money or other property involved in or affected by this Escrow Agreement, Escrow Agent shall be entitled, at the option of Escrow Agent, to refuse to comply with the demands of such parties, or any of such parties, so long as such disagreement shall continue. In such event, Escrow Agent shall make no delivery or other disposition of the Equipment Acquisition Fund or any part of the Equipment Acquisition Fund. Anything herein to the contrary notwithstanding, Escrow Agent shall not be or become liable to such parties or any of them for the failure of Escrow Agent to comply with the conflicting or adverse demands of such parties or any of such parties.

Escrow Agent shall be entitled to continue to refrain and refuse to deliver or otherwise dispose of the Equipment Acquisition Fund or any part thereof or to otherwise act hereunder, as stated above, unless and until:

1. the rights of such parties have been finally settled by binding arbitration or duly adjudicated in a court having jurisdiction of the parties and the Equipment Acquisition Fund; or
2. the parties have reached an agreement resolving their differences and have notified Escrow Agent in writing of such agreement and have provided Escrow Agent with indemnity satisfactory to Escrow Agent against any liability, claims or damages resulting from compliance by Escrow Agent with such agreement.

In the event of a disagreement between such parties as described above, Escrow Agent shall have the right, in addition to the rights described above and at the option of Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all money and property comprising the Equipment Acquisition Fund and may take such other legal action as may be appropriate or necessary, in the opinion of Escrow Agent. Upon such tender, the parties hereto agree that Escrow Agent shall be discharged from all further duties and responsibilities under this Escrow Agreement; *provided, however*, that the filing of any such legal proceedings shall not deprive Escrow Agent of its compensation hereunder earned prior to such filing and discharge of Escrow Agent of its duties and responsibilities hereunder.

The parties hereto jointly and severally agree that, whether under this Section 5.3 or any other provisions of this Escrow Agreement, in the event any controversy arises under or in connection with this Escrow Agreement or the Equipment Acquisition Fund or in the event that Escrow Agent is made a party to or intervenes in any litigation pertaining to this Escrow Agreement or the Equipment Acquisition Fund, to pay to Escrow Agent reasonable additional compensation for its extraordinary services and to reimburse Escrow Agent for all costs and expenses associated with such controversy or litigation, including reasonable attorney's fees.

**Section 5.4. Limited Liability of Escrow Agent.** Escrow Agent shall not be liable in connection with the performance or observation of its duties or obligations hereunder except for in the case of its proven gross negligence or willful misconduct. Escrow Agent shall have no obligation or liability to any of the other parties under this Escrow Agreement for the failure or refusal of any other party to perform any covenant or agreement made by such party hereunder or under the Master Lease, but shall be responsible solely for the performance of the duties and obligations expressly imposed upon it as Escrow Agent hereunder.

**Section 5.5. Indemnification.** Escrow Agent shall have no obligation to take any legal action in connection with this Escrow Agreement or towards its enforcement, or to appear in, prosecute or defend any action or legal proceeding which would or might involve it in any cost, expense, loss or liability unless security and indemnity, as provided in this Section 5.5, shall be furnished.

To the extent permitted by applicable law, Lessee agrees to indemnify Escrow Agent and its officers, directors, employees and agents and save Escrow Agent and its officers, directors, employees and agents harmless from and against any and all Claims (as hereinafter defined) and Losses (as hereinafter defined) which may be incurred by Escrow Agent or any of such officers, directors, employees or agents as a result of Claims asserted against Escrow Agent or any of such officers, directors, employees or agents as a result of or in connection with Escrow Agent's capacity as such under this Escrow Agreement by any person or entity. For the purposes hereof, the term "Claims" shall mean all claims, lawsuits, causes of action or other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counterclaim, cross action or impleader) Escrow Agent or any such officer, director, employee or agent, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part: (a) the acts or omissions of Lessor or Lessee, (b) the appointment of Escrow Agent as escrow agent under this Escrow Agreement, or (c) the performance by Escrow Agent of its powers and duties under this Escrow Agreement; and the term "Losses" shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including but not limited to attorneys', accountants' and other professionals' fees, litigation and court costs and expenses and amounts paid in settlement), directly or indirectly resulting from, arising out of or relating to one or more Claims. Upon the written request of Escrow Agent or any such officer, director, employee or agent (each referred to hereinafter as an "Indemnified Party"), and to the extent permitted by law, Lessee agrees to assume the investigation and defense of any Claim, including the employment of counsel acceptable to the applicable Indemnified Party and the payment of all expenses related thereto and, notwithstanding any such assumption, the Indemnified Party shall have the right, and Lessee agrees to pay the cost and expense thereof, to employ separate counsel with respect to any such Claim and participate in the investigation and defense thereof in the event that such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to such Indemnified Party which are different from or additional to those available to either Lessor or Lessee. Lessee hereby agrees that the indemnifications and protections afforded Escrow Agent in this Section 5.5 shall survive the termination of this Escrow Agreement.

## ARTICLE VI. COMPENSATION

**Section 6.1. Escrow Agent Fee.** Escrow Agent and/or Lessor shall be paid by Lessee the Escrow Agency Fees shown on Schedule I for the ordinary services to be rendered hereunder (the "Escrow Agency Fees") from interest earnings from a deduction taken by Lessor and expressly authorized by Lessee at the time the Escrow Account is closed, and will be paid and/or reimbursed by Lessee upon request for all costs, expenses, disbursements and advances, such as reasonable attorney's fees and court costs, incurred or made by Escrow Agent in connection with carrying out its duties hereunder, including the costs, expenses, disbursements and advances described in Sections 5.2, 5.3 and 6.2. The Escrow Agent Fee and such other costs, expenses, disbursements and advances shall be payable solely from the interest earnings from the Equipment Acquisition Fund. In the event a shortfall occurs, said shortfall shall be the responsibility of Lessee and not the responsibility of Escrow Agent, Lessor, or their agents or assigns. Such shortfall shall be paid by Lessee to Escrow Agent within 30 days following receipt by Lessee of a written statement setting forth such shortfall.

**Section 6.2. Investment Fees.** Escrow Agent shall be entitled to charge reasonable fees and commissions in connection with the investment by it of amounts held in the Equipment Acquisition Fund (the "Investment Fees"). Investment Fees are more fully delineated and defined in any prospectus referenced in or attached to the attached Schedule I. Other Investment Fees may apply for self-directed investment choices or for extraordinary investments outside the Qualified Investment defined herein. Lessor and Lessee hereby authorize Escrow Agent to periodically deduct the Investment Fees from investment earnings on the Equipment Acquisition Fund.

**Section 6.3. Security for Fees and Expenses.** As security for all fees and expenses of Escrow Agent hereunder and any and all losses, claims, damages, liabilities and expenses incurred by Escrow Agent in connection with its acceptance of appointment hereunder or with the performance of its obligations under this Escrow Agreement and to secure the obligation of Lessee to indemnify Escrow Agent as set forth in Section 5.5, Escrow Agent is hereby granted a security interest in and a lien upon the Equipment Acquisition Fund, which security interest and lien shall be prior to all other security interests, liens or claims against the Equipment Acquisition Fund or any part thereof.

## ARTICLE VII. CHANGE OF ESCROW AGENT

**Section 7.1. Removal of Escrow Agent.** Lessor and Lessee, by written agreement, may by written request, at any time and for any reason, remove Escrow Agent and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall have capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and be subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to statute or the requirements of any federal or state supervising or examining authority, then for the purposes of this Section 7.1, the combined capital and surplus of such bank or trust company may be conclusively established in its most recent report of condition so published.

**Section 7.2. Resignation of Escrow Agent.** Escrow Agent may resign at any time from its obligations under this Escrow Agreement by providing written notice to the parties hereto. Such resignation shall be effective on the date set forth in such written notice which shall be no earlier than 30 days after such written notice has been given, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been approved by Lessor and Lessee. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, Escrow Agent shall be entitled to tender into the custody of a court of competent jurisdiction all assets then held by it hereunder and shall thereupon be relieved of all further duties and obligations under this Escrow Agreement. Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

**Section 7.3. Merger or Consolidation.** Any entity into which Escrow Agent may be merged or converted, or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which Escrow Agent may sell or transfer all or substantially all of its corporate trust business (provided that such company shall be eligible under Section 7.1) shall be the successor to Escrow Agent without any execution or filing or further act.

## ARTICLE VIII. ADMINISTRATIVE PROVISIONS.

**Section 8.1. Notice.** All written notices to be given under this Escrow Agreement shall be given by mail, by facsimile or by overnight courier to the party entitled thereto at its contact information specified on Schedule I, or at such contact information as the party may provide to the other parties hereto in writing from time to time. Any such notice shall be deemed to have been received 72 hours after deposit in the United States mail in registered or certified form, with postage fully prepaid, or if given by other means, when delivered at the address or facsimile number specified in Schedule I. Any notice given by any party shall be given to both other parties.

**Section 8.2. Assignment.** Except as expressly herein provided to the contrary, the rights and duties of each of the parties under this Escrow Agreement shall not be assignable to any person or entity without the written consent of all of the other parties. Notwithstanding the above, Lessor may freely assign all or any part of its interest in this Escrow Agreement and the Equipment Acquisition Fund in connection with an assignment by Lessor of its rights under the Lease.



**Section 8.3. Binding Effect.** This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 8.4. Severability.** In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 8.5. Entire Agreement; Amendments.** This Escrow Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous writings, understandings, agreements, solicitation documents and representations, express or implied. By execution of this Escrow Agreement, Escrow Agent shall not be deemed or considered to be a party to any other document, including the Master Lease.

This Escrow Agreement may be amended, supplemented or modified only by written documents duly authorized, executed and delivered by each of the parties hereto.

**Section 8.6. Captions.** The captions or headings in this Escrow Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions, Articles, Sections or clauses hereof.

**Section 8.7. Further Assurances and Corrective Instruments.** Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may be necessary or proper to carry out the intention or to facilitate the performance of the parties under this Escrow Agreement, and for better assuring and confirming the rights and benefits provided herein.

**Section 8.8. Governing Law.** This Escrow Agreement shall be construed and governed in accordance with the laws of the Commonwealth of Virginia.

**Section 8.9. Execution in Counterparts.** This Escrow Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Escrow Agreement.

**Section 8.10. Waiver of Jury Trial.** Lessor, Lessee and Escrow Agent hereby waive any right to trial by jury in any action or proceeding with respect to, in connection with or arising out of this Escrow Agreement.

**Section 8.11. No Tax Reporting.** Escrow Agent will not be responsible for tax reporting of any income on the Equipment Acquisition Fund.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

**MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH  
LIMITED LIABILITY COMPANY ANNUAL STATEMENT**

**2008**

**Due February 15, 2008**File Online at [www.michigan.gov/fileonline](http://www.michigan.gov/fileonline)

Identification Number <b>B52269</b>		Limited Liability Company Name <b>MINORITY ALLIANCE CAPITAL, LLC</b>	
1. Resident agent name and mailing address of the registered office  <b>DONALD DAVIS 6960 ORCHARD LAKE RD STE 306 WEST BLOOMFIELD MI 48322</b>		If different than 1, change resident agent and mailing address of registered office in MICHIGAN.  <div style="text-align: center;"> <b>FILED</b>  <b>DEC 05 2007</b>          By Department          Bureau of Commercial Services       </div> <div style="text-align: center;"> <b>RECEIVED</b>  <b>NOV 21 2007</b>  <b>DLEG \$25.00</b> </div>	
2. The address of the registered office  <b>6960 ORCHARD LAKE RD STE 306 WEST BLOOMFIELD MI 48322</b>		If different than 2, change address of registered office (number, street, city, state, zip) in MICHIGAN.	
3. Signature of authorized member, manager or agent. 	Title <i>Controller</i>	Date <i>11/20/07</i>	Phone (Optional) <i>248406-0085</i>

**Filing Fee: \$25.00****Annual Statement Due February 15, 2008.****Annual Statement Must Be Signed**

**Domestic:** Signature of a manager if management is vested in managers, by at least 1 member if management remains in the members or by an authorized agent of the domestic limited liability company.

**Foreign:** Signature of a person with authority to do so under the laws of the foreign limited liability company's jurisdiction of organization.

Make your check or money order payable to the State of Michigan.

Return to: Department of Labor & Economic Growth  
Bureau of Commercial Services  
Corporation Division  
P.O. Box 30768  
Lansing MI 48909  
(517) 241-6470

Required by Section 207, Act 23, Public Acts of 1993

**Do not staple any items to this statement**

MICHIGAN DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES: CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU *Km*

Date Received

ADJUSTED PURSUANT TO  
TELEPHONE AUTHORIZATION

JUN 23 1999

(FOR BUREAU USE ONLY)

This document is effective on the date filed, unless a subsequent effective date within 90 days after the filed date is stated in the document.

FILED  
JUN 25 1999

Name

Thomas J. Strobl, Esq.

Address

300 East Long Lake Road, Suite 200

City

State

Zip Code

Bloomfield Hills

Michigan

48304

06/23/1999 ESSELKELD  
Trans 01469553

STROBL CUNNINGHAM

14424  
Total \$50.00

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Document will be returned to the name and address you enter above.  
If left blank document will be mailed to the registered office.

## ARTICLES OF ORGANIZATION

B 52-269

## For use by Domestic Limited Liability Companies

(Please read information and instructions on last page)

Pursuant to the provisions of Act 23, Public Acts of 1993, the undersigned execute the following Articles:

## ARTICLE I

The name of the limited liability company is: Minority Alliance Capital, LLC (the "Company")

## ARTICLE II

The purpose or purposes for which the Company is formed is, to the fullest extent permitted to nonbank subsidiaries of national banks, (a) to originate and fund equipment leasing transactions for its own account; and (b) to act as an equipment leasing advisor/broker, originating transactions that are sold, in whole or in part, to other lessors

## ARTICLE III

The duration of the limited liability company if other than perpetual is: \_\_\_\_\_

## ARTICLE IV

- The street address of the location of the registered office is:  
601 Abbott Road East Lansing , Michigan 48823  
(Street Address) (City) (ZIP Code)
- The mailing address of the registered office if different than above:  
\_\_\_\_\_, Michigan \_\_\_\_\_  
(Street Address or P.O. Box) (City) (ZIP Code)
- The name of the resident agent at the registered office is: CSC - Lawyers Incorporating Service Company

*Km*

ARTICLE V (Insert any desired additional provision authorized by the Act; attach additional pages if needed.)

The business of the Company is to be managed by managers.

Signed this 18th day of June, 19 99

FIRST INDEPENDENCE NATIONAL BANK OF DETROIT - Its: Member

By:



(Signature)

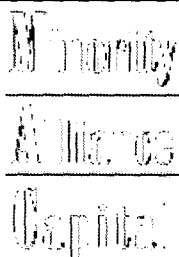
Donald Davis - Its: Chairman

(Type or Print Name)

C&S 700

Preparer's Name Thomas J. Strobl, Esq.

Business Telephone Number (248) 540-2300



April 7, 2008

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## SERVICES

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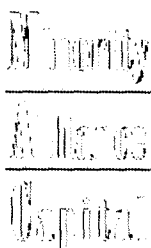
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## Services

Minority Alliance Capital provides best-in-class products and services along with a full range of administrative and processing capabilities, all designed to support and manage the entire life cycle of your lease. These services include but are not limited to:

- ▶ Lease advisory services
- ▶ Tax and non tax financing structures
- ▶ Processing and tracking of multiple equipment vendors and equipment staging
- ▶ Structuring to accounting and administrative requirements
- ▶ Equipment evaluation and risk management
- ▶ Online Asset Tracking
- ▶ Processing and tracking of multiple equipment vendors and lease installations
- ▶ Tax exempt financing & Municipal Entities
- ▶ Securing, tracking and management of multiple lessors
- ▶ Documentation and funding administration
- ▶ Portfolio administration
- ▶ Management of equipment changes and mid-term upgrades
- ▶ Lease account tracking and reporting
- ▶ Full customer account support



## Lease Management Overview

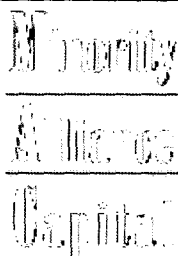
We are dedicated to providing our customers with personalized support through the complexities of the entire leasing process. From consultation, financing and purchase to mid-term upgrades and the de-installation process, our staff is there to give you the flexibility and expertise that you need.

## Municipal Leasing

Cities, counties, school districts, fire departments and tax districts can learn more about what Minority Alliance Capital can offer for their specific needs.

## Asset Management and Technical Services Overview

Minority Alliance Capital can provide a complete package of asset management and technical services. Minority Alliance Capital has reduced the cost of technology and increased the return on assets for many of our customers.



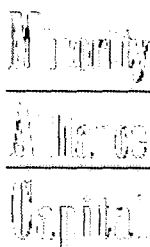
April 7, 2008

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## Municipal Leasing



**State and local governments use lease financing to acquire assets necessary to provide public services.**

- ▶ Leasing is often a suitable and economic method of financing capital assets that are too expensive to fund in one fiscal period, with useful lives too short to justify the issuance of long term bonds.

**This lease financing option is designed to save you both time and money, consider these benefits:**

- ▶ Installment payments may be structured monthly, quarterly, semi-annually to coincide with receipt of your revenues.
- ▶ Payments may be fixed for the entire life of the lease, which may run up to ten years. A floating rate option is also available.
- ▶ Use of standard documentation avoids the "costly" legal charges common with municipal bonds.
- ▶ Lease rental payments are computed on tax-exempt or taxable rates to offer you the lowest possible payment.
- ▶ An annual lease-line of credit is available at no additional costs.

### Commonly leased items include:

- ▶ Fire trucks
- ▶ Telephone Systems
- ▶ Computers and software
- ▶ Office equipment and fixtures
- ▶ Police vehicles
- ▶ Garbage trucks
- ▶ Service vehicles and buses
- ▶ Ambulance and medical equipment

### Other types of lease financing include:

- ▶ Sale lease-back of public utility systems
- ▶ Energy retro savings equipment for public facilities



**Other types of entities that qualify under state or local government**

- ▶ Municipal owned hospitals
- ▶ volunteer Fire departments (not exempt by Ohio law)

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